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NEWS SUMMARY

GENERAL

Cypriot leader's son freed

...ers who seized the son of President Spyros Kyprianou ...s said the young officer ...be killed unless jailed ...nted members of the ... movement were offered amnesty.

... Lieutenant Achilleas ...ou (21) was abducted on ...day night by two men ...e in a stolen taxi to his barracks and asked to see the gate.

EOKA-B movement, an ... Greek Cypriot Right-wing organisation, fought in the ... the island's union with ... Page 4

...ns denounced

...e Minister and Mr. Len ... TUC General Secretary, ...d claims by the Con... MP, Mr. Stephen Hast... certain leading trade ... had been the targets ... campaign by the KGB. ...llaghan accused Mr. ... of hiding behind Par... privilege. Mr. ... refused to apologise and ... would pursue the allega... by Mr. Joseph Frolik, ... defector. Page 11

...on Steel

...d Steel's leadership of ...al Party will be put to ... confidence at a special Liberal Assembly on ...21, called to debate the ... the Lib-Lab pact. Mr. ... given a warning that if ... were to be rejected he ...ign. Page 11

...ur victory

...rnment had a majority ...(7-76) in the Commons ... for setting the rate ... grant at 81 per cent. ... This is the first major ... MPs since the Lib-Lab ... under severe strain as ... of the defeat on Tues... of proportional repre... for direct elections.

...e swoop

...leading members of the ...al Sinn Fein, the politi... of the Provisional IRA, ...tained by police in ... during an early morning ... The chairman and ...rman of the organisation ... among those held. In ... the Special Criminal ...ited nine members of the ...nals for between eight ... years for their part in a ... a cash and carry store.

...match riot

...s stopped play for 30 ... on the second day of the ... match between Pakistan ... in Lahore. Mudassar ... for Pakistan had ... hours to reach 99 runs ... spectators invaded ... anticipation of a cen... reached. Police ... and rioting broke out. ... 100 when play ... end at the end of the ... team were 360 for five.

...tings saved

... Gallery has succeeded ... the money needed to ... of Stubbs' finest paint... makers and Reapers in ... The paintings, valued ... had been offered to ... which had until ... to raise the outstanding ... needed to buy them.

...hen's strike

...des Union leaders and ... employers will ... on Monday for talks ... that might settle the ... is now nearly five ... The union accepts the ... in principle as a struc... but not the proposed ... Back Page

...

...ment is reached ... British and Malaysian ... over Concorde flying ... Malaysian airspace, this ... flight to Singapore ... in Bahrain

...s have retained Hayes ... in a Greater ... Council by-election held ... with a majority of 87 ... per cent. poll.

...n (79), the Dutch ... sentenced to 15 years ... for his part in a ... massacre, is to appeal.

BUSINESS

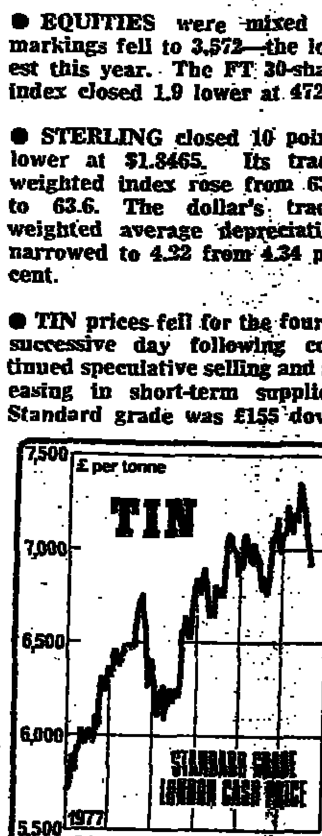
Rises in Gilts; Equities quiet

● GILTS made widespread gains. The Government Securities Index rose 0.28 to 76.59. The undertone was extremely firm.

● EQUITIES were mixed as markings fell to 3,572—the lowest this year. The FT 30-share index closed 1.9 lower at 472.1.

● STERLING closed 10 points lower at $1.8465. Its trade-weighted index rose from 63.4 to 63.6. The dollar's trade-weighted average depreciation narrowed to 4.22 from 4.34 per cent.

● TIN prices fell for the fourth successive day following continued speculative selling and an easing in short-term supplies. Standard grade was £155 down



at £6,910 for a fall of £445 from last Friday's record level. Page 34

● GOLD fell $1¼ to $158¼.

● WALL STREET closed 4.77 lower at 817.91.

● U.S. MONEY SUPPLY: M1 $334.9bn. ($333.1bn.), M2 $806.3bn ($803.8bn.).

Wilson makes interim report

● SIR HAROLD WILSON said there was a respectable argument for more investment overseas. He was introducing the progress report of his committee on financial institutions. Back Page

● CAR SALES should rise 8 per cent. next year as a result of the expected improvement in average incomes, according to industry forecasts. Page 10

● THE EVENING DESPATCH in Darlington appeared for the first time in four months yesterday. Journalists' union leaders involved in the dispute which has affected North of England Newspapers said the battle for the closed shop would continue. Printing unions have withdrawn their support for the journalists. Page 13

● MR. ALEX PARK, former chief executive of British Leyland, will leave the company in the New Year. Back Page

● WOMEN are humiliated by the tax system at best, and discriminated against at worst, according to the Equal Opportunities Commission. Page 10

● MINERS' leaders from Yorkshire, Kent and South Wales are considering whether to pursue legal action against local incentive schemes after their application for a temporary injunction failed in the High Court yesterday. Page 13

● MONEY SUPPLY growth slowed down in November after sharp rises in the previous two months. Back Page

COMPANIES

● DISTILLERS had turnover of £400.8m. in the six months to September 30 (£376.1m.). Pre-tax profit was £74.3m. (£53.2m.). Lex and Page 24

● WILKINSON Match had pre-tax profit up 19.7 per cent. to £7.22m. in the six months to September 30. Page 26

● MARLEY pre-tax profit fell from £17.61m. to £15.36m in the year to October 31. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

...	...	+ 4
...	...	+ 3
...	...	+ 3
...	...	+ 4
...	...	+ 3
...	...	+ 5
... District	85	+ 21
...	132	+ 8
...card	...	+ 4
...	305	+ 4
... Williams	66	+ 6
Lon. Merchant Secs.	79	+ 6
Lon. United Invs.	141	+ 4
Macallan-Glenlivet	285	+ 15
McBride (Robt.)	310	+ 10
Vaux Breweries	365	+ 13
East Daggafontein	34	+ 4
Selection Trust	397	+ 7

FALLS

BSR	97	− 3
Tube Invs.	344	− 6
Wilkinson Match	188	− 6
South African Land	66	− 3
Union Corp.	260	− 8

Room for more tax cuts after new pledge to IMF

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Government is almost emancipated from International Monetary Fund guidance. A Letter of Intent published yesterday does not contain additional policy commitments and will allow sizeable tax cuts in the spring Budget.

The letter, signed by Mr. Denis Healey, Chancellor, was prepared after talks in London last month between Fund staff and the Treasury, and appeared on the anniversary of the original letter in December 1976.

The discussions with the Fund were described as relaxed after the improvement in the U.K. financial and external payments position in the last year. The result is that the existing policy guidelines have been largely retained and the major decisions on the U.K.'s relationship with the Fund have been deferred until spring.

Decisions have not been taken on the early repayment of some of the U.K.'s outstanding drawings from the Fund. But this is not officially ruled out and is widely seen as likely to be announced some time in the first half of next year.

Mr. Healey expects the public sector borrowing requirement for 1978-79 not to exceed the figure of £8.6bn. referred to in last December's letter.

This indicates substantial headroom for income tax cuts. The most recent projection of the borrowing requirement in 1978-79 on present policies is £7bn., although many observers reckon this may be too high because of buoyant revenue.

In addition, the agreement announced yesterday between the Government and the clearing banks on refinancing export credits will cut between £200m. and £300m. from the borrowing requirement in 1978-79.

The letter emphasises the Government's determination to continue its "firm control of public spending and the counter-inflationary thrust of its monetary policies. These will require both control over money supply and moderation in domestic credit expansion."

IMF letter, Page 10
Editorial Comment, Page 22
Money supply growth, Back Page

Specific new commitments have not been made about domestic credit expansion in 1978-79 although the original figure of £6bn effectively has been dropped in view of a changed current account forecast.

Instead, Mr. Healey has extended the domestic credit ceiling for 1977-78 to include the first quarter of 1978-79 as well. This is not restrictive in any way as the total expansion in the first seven months has been only £1.46bn. While some of the earlier shortfall may be made up from now on there should still be sufficient leeway.

Mr Healey says he will "take account of these considerations in deciding whether the prospects for the economy, and particularly for wage settlements and prices, make it possible to give a stimulus to the economy in the Budget for 1978-79."

Normal annual consultations with the Fund will take place in May when policies for the remainder of the standby, until the end of 1978, can be reviewed, "unless the Government decides before that date that continuation of the standby is no longer necessary."

This is clearly possible in view of the turnround in the external position: although at present the U.K is keeping the standby in being while not making drawings beyond the $1.9bn. out of $3.9bn. already received.

If the standby is terminated, there will be no need for new policy guidelines, although the Government will retain a target for the money supply and some limits on the size of borrowing. The official view is that "we do not need the IMF to make us responsible."

The issue of early debt repayment is completely separate. While officials are reluctant to be drawn—saying merely there could be a decision at any time—the possibility of repaying the first tranche of more than $800m and the $1.2bn oil facility have been discussed with the Fund.

Pay rise angers State industry chairmen

By John Elliott, Industrial Editor

NATIONALISED industry chairmen reacted angrily last night when, without warning, the Prime Minister announced that they would receive pay rises of up to about £1,500 a year, adding only 5 per cent. to their salaries.

Lower-paid nationalised industry Board members are to receive up to 10 per cent if they now earn £13,000 or less. But neither they nor the chairmen know whether the Government considers that this is their full entitlement under Phase Three of the pay policy or whether they will receive more next spring, when a pay announcement covering all the highest paid public servants is due.

The problem for the chairmen and their Board members is that they have not had a substantial pay increase since 1972 and that official proposals for rises of up to £16,900 a year—putting the highest-paid chairman on £40,000—which were made in 1974, have not been implemented.

As a result, senior executives sometimes earn £4,000 more than Board members.

The chairman first heard that their pay was to be dealt with before next spring in a private message from the Government yesterday lunchtime. This was three hours before Mr Callaghan announced the rises, which he and his colleagues are said to believe will help them show that at least one group in the country is prepared to settle for less than 10 per cent.

Some Ministers think this could help them sell the limits to nationalised industry and other ... workers, even though in money terms the ... workers would be getting far less.

However, the chairmen's anger was instantly apparent when some of them issued immediate public statements.

Sir Denis Rooke, the chairman of British Gas who is also the chairman of the Nationalised Industries' Chairmen's Group, said: "We have been shamefully treated and discriminated against."

Mr. Francis Tombs, chairman of the Electricity Council, said the rises were "disappointing, unsatisfactory and unfair," while Mr. Denis Dodds, head of a regional electricity Board and chairman of the Association of Members of State Industry Boards, said the announcement was a "flagrant neglect of the Government's duty."

With the Institution of Professional Civil Servants this ...

Continued on Back Page
Parliament, Page 11

Bundesbank acts to stop cash inflow

BY ADRIAN DICKS FRANKFURT, Dec. 15.

WEST GERMANY, following up its urgent private and public warnings to the U.S. Administration in the past two weeks, took firm action to-day to protect its domestic economy from the consequences of the dollar's sharp fall against the D-mark.

At the end of discussions here involving Herr Hans Apel, the Minister of Finance, and Count Otto Lambsdorff, Minister of Economics, the Bundesbank Council took three steps which it hopes will shut off the inflow of speculative funds that totalled DM10bn. between September 16 and December 15.

The Swiss Franc, Page 4
AMEX Bank review of world currencies, Page 32

The Bundesbank has raised with effect from January 1 the compulsory deposits placed by commercial banks with the Central Bank in respect of their obligations towards foreign customers.

In detail, the new levels of compulsory reserves to be placed with the Bundesbank are as follows:

● 20 per cent. for sight deposits (now 12.75 per cent.);

● 15 per cent. for time deposits (8.95 per cent.);

● 10 per cent for savings accounts (5.65 per cent.).

The growth of foreign obligations against their average level during the period September 16 to December 15, will have to be matched exactly by a similar amount placed by the banks with the Central Bank.

Further, these deposits will have to be raised to 100 per cent. for any increase after January 1 above the average level of obligations to foreign customers during September 16 to December 16 this year.

Secondly, the Bundesbank has lowered West Germany's discount rate by ½ per cent. from 3½ to 3 per cent., and Lombard rate by the same amount, from 4 to 3½ per cent., as a further element in its strategy to discourage unwanted speculative purchases of the D-mark.

It is widely recognised here, however, that interest rate considerations have played a relatively small part in the recent run into stronger currencies.

Finally, the Bundesbank has announced that permission no longer will be granted to non-residents to buy domestic securities with a life span of two to four years. There is no change in regulations on shorter or longer-term maturities. The move is clearly aimed at preventing foreign funds from finding their way into the domestic West German bond market.

Dr Otmar Emminger, the Bundesbank's president, esti...

Continued on Back Page

Bank of Japan intervenes

BY DOUGLAS RAMSEY TOKYO, Dec. 15.

THE BANK of Japan resumed intervention in the exchange market to-day to stem a renewed speculative movement out of the dollar into the yen.

In total, the bank may have bought about $800m in the market in its support operation, an unprecedented amount which accounted for the great bulk of the total transactions of more than $1bn.

The move succeeded in holding the value of the yen steady in Tokyo at Y238 to the dollar. This was the first time it had moved through the Y240 level in Tokyo and brought the appreciation of the Japanese currency against the dollar to more than 23 per cent this year.

The new pressure was a further reflection of unrest in the currency markets which has followed failure of the central bankers at last week-end's Basle meeting to produce agreement on any concerted action to help the dollar.

The latest speculative flood into yen began overnight in London and New York hit hard on the Tokyo exchange amid rumours that the Bank of Japan might suspend transactions temporarily if yen purchases do not subside soon.

A market shutdown is considered extremely unlikely given

Japan and the U.S. are still far apart in their search for mutually acceptable ways to reduce Japanese surpluses and improve access for foreign goods in Japan. Back Page

the present high level of international scrutiny of Japan's trade and currency policies.

In European markets, the dollar continued to fluctuate erratically in thin dealing. It closed higher against the D-Mark at DM2.14, but ended slightly lower against the Swiss franc at Sw.Frs.2.07.

£ in New York

	December 15	Previous
Spot	$1.8440-8450	$1.8470-8485
1 month	...	...
3 months	...	...
12 months	0.40-0.30 dis	0.20-0.30 dis

Carter's hope for peace moves in Middle East

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Dec. 15.

PRESIDENT CARTER expressed the cautious hope to-day that Egypt and Israel would be able "to make a major step towards a comprehensive peace" in the Middle East in the course of their current exchanges.

Speaking at a news conference on the day before he confers in the White House with Mr. Menahem Begin, the Israeli Prime Minister, Mr. Carter promised to relay any proposals Mr. Begin might make, that he considered constructive, to Egyptian President Anwar Sadat, with whom, Mr. Carter said, he was in constant contact.

At the same time, Mr. Carter issued his strongest denunciation of the Palestinian Liberation Organisation. He said it had been "completely negative" and had removed itself from participating in the peace process: it had rejected U.N. resolutions 242 and 338, which imply acknowledgment of Israel's right to exist, and had ignored both his own indirect invitation and more direct Arab offers to engage in negotiations.

In contrast, Mr. Carter eschewed criticism of Syria, Jordan and Lebanon for not attending the Cairo round of negotiations. He drew a distinction between Egypt and Israel, who wanted to take steps now, countries like Syria who preferred to wait a while before becoming involved and "those that have removed themselves from the process," the latter an obvious reference to the PLO.

Mr. Carter reiterated his criticisms of the PLO when he met, for the first time, a delegation of Arab Americans who argued that the PLO had to take part in peace talks.

Carter optimistic on energy Page 5
Cairo conference report Page 6

The President at his news conference was at some pains to point out that both Israel and Egypt had acknowledged that a settlement which did not address itself to all areas of the Middle East would not be generally recognised. Once again he stated that this must include a definition of peace, Israeli withdrawal from territories combined with assurances of security, and resolution of the Palestinian issue.

Mr. Carter said that he did not know what, if any, proposals Mr. Begin would make to-morrow, but that he did know what in general terms, would be acceptable to President Sadat, with whom, Mr. Carter added, he spoke on the telephone several times a week.

Mr. Begin arrived in Washington late this afternoon proclaiming that Israel wanted "a comprehensive peace settlement, Israel wants to sign peace treaties with all her neighbours." He hoped Syria and Jordan would enter soon into the peace negotiations.

Mr. Carter characterised the U.S. role—and his own personally—as being that of the "trusted intermediary." Certainly U.S. administration officials generally welcome the visible evidence of the President playing a central part in the Middle Eastern negotiations.

The feeling that Mr. Begin may have an offer in his pocket was heightened to-day by reports coming in from the entourage of Mr. Cyrus Vance, the U.S. Secretary of State, who is on his way back to the U.S. from a tour of the Middle East, that Israel was on the brink of making specific territorial concessions.

The Israeli correspondent of NBC, the U.S. TV network, reported to-night that the Begin plan envisages Israelis and Arabs living together on the West Bank under Arab administration.

● Mr. Begin will stop in London on his way home from Washington early next week and will meet Mr. Callaghan, the Prime Minister.

Bid to boost big export deals

BY MARGARET HUGHES AND LORNE BARLING

A LONG-AWAITED scheme to provide greater incentive and security for British companies bidding for £50m.-plus export contracts was announced in the Commons yesterday by Mr. Edmund Dell, the Trade Secretary.

Mr. Dell also outlined new arrangements for the sterling financing of export credits. These aim at reducing the burden on public expenditure.

The clearing banks are to take a "substantially higher" proportion of export financing on their books. At the same time sterling export credit business is to be opened up to all authorised banks—including foreign ones—incorporated in the U.K.

That move is likely to get a hostile reception from the U.K. accepting houses, which traditionally have managed 60 to 70 per cent of U.K. buyer credit business for capital goods exports.

The new arrangements, effective from April 1 next year, are expected to produce savings of between £200m. and £300m. in 1978-79 as a result of a reduction in refinancing.

Refinancing—Government reimbursement of a proportion of loans by banks—has become a considerable drain on public funds: £505m. last year.

Because the clearers' current commitments under the existing scheme will take several years to run off, an interim arrangement has been agreed. The clearers will increase the amount taken on their books up to March 31, 1978, to the equivalent of 24 per cent. of their current balances against 21 to 22 per cent. now. This move alone is expected to produce a one-off saving of £300m. in the current financial year.

The "jumbo" contracts insurance scheme covering bids worth £50m. or more, will be run by the Export Credits Guarantee Department for an experimental period of three years. Mr. Dell said: "I believe this will help a number of U.K. exporting industries to overcome a disadvantage they have suffered."

This refers to the tendency of exporters, in the absence of a suitable insurance scheme, to inflate their bids by building safety margins into the overall price.

Refinancing plan, Page 6
Exchange controls eased, Page 8
Lex, Back Page

FEATURES

LOMBARD

Yardstick for regional aid

BY ANTHONY MORETON

IF THERE is something that this Government sets particular store by it is its regional policy. No doubt influenced by the fact that so many Labour MPs come from areas which in social terms could be described as being below the salt (and at least three-quarters of the cabinet fall into this category) much of Labour's thinking has been devoted to how to relieve the serious burden of unemployment in these parts.

Regional policy is by no means the child of Labour. Its antecedents go back to the 'twenties and 'thirties. The Conservatives have been assiduous, too, in promoting what are now, to the intense annoyance of people living in them, called the regions. Not a little attention has been paid to policies adopted elsewhere in Europe, particularly in the Mezzogiorno.

Much ill-will

The one incentive which did more than any other to stimulate jobs, as Mr. Jim Northcott has pointed out in a recent PEP booklet*, was the regional employment premium. By paying a set sum, the employer was encouraged to put more men on the payroll. But REP was summarily axed in the package of economic cuts a year ago. Like any aspect of government policy, no employer could bank on it continuing for ever. But the abrupt way in which REP was killed generated much ill-will since it undermined the forward projections made by many companies.

Given the amount of intellectual manpower displayed into this area it is all the more surprising that successive policies—development areas, industrial development certificates, Industry Acts, regional employment premium, selective financial assistance—should have had little more than a marginal effect in creating jobs. In some cases they have been extremely expensive in relation to the number of extra people brought into employment.

The official answer is that the aim of regional policy is to attract investment, in the knowledge that this will create work. But it is a policy that fails to differentiate adequately between investment which is labour intensive and that which is capital intensive. And there is evidence that many of the incentives, and particularly the financial ones, have done more for the latter than the former. This may please the official mind but it is hardly likely to be so attractive to the politicians.

The trouble with so many of the other incentives is that they are too general in their impact. Take the regional development grants, introduced in 1972 as a replacement for depreciation allowances. This is a 20 per cent. standard subsidy to be set against spending on new plant, machinery and industrial buildings in development areas and it is given irrespective of the employment impact. The only variation is that in special development areas the rate is 22 per cent.

Gulf-Texaco's £290m. plan for an oil refinery unit in south west Wales will probably provide some 250-300 new jobs in the long run, just scratching at the surface, yet attract £58m. in assistance for the consortium. As the Commons Public Accounts Committee has pointed out, £114m. of Government money has been poured into the development of just three oil terminals in Anglesey, the Orkneys and in the Shetlands.

Mr. Northcott suggests that a ceiling, in terms of cost per job, should be set. Once the ceiling has been reached then grants would be paid only if it could be demonstrated that exceptional returns would be obtained. This poses the question of what is "exceptional" and no doubt some civil servant would have to decide it. But it would release resources which could be used to help the more labour-intensive concerns. And that is what really matters in these areas.

Small firms

Last year, over £500m. was spent on inducements for firms to move to development areas and REP accounted for about a third of this. Now, the only real specific incentive that is left to promote job creation in the regions is the small firms employment subsidy (which anyway only applies to a limited range of concerns). Some authorities, such as the Western Isles, have quickly grasped what the general job creation scheme can do for them, others have been less far-sighted. But perhaps the least far sighted has been the government since the yardstick, at least as far as the regions are concerned, must be how many jobs have been created for each pound spent.

* Industry in the Development Areas. PEP £4.00.

AROUND BRITAIN

Unroyal Windsor

BY JOHN GRIFFITHS

LIFT THE thick carpet of tourists covering it for much of the year and Windsor is revealed as a modest Thames-side town harbouring, in the shadow of its castle walls, a mere 30,000 inhabitants, some attractive, mostly 17th to 19th century, architecture, a good array of quality goods shops and a rather poorer collection of utility ones.

Its shops, the 150,000 sq. ft. of offices which lie mostly behind elegant and compulsorily-preserved facades, the castle and the large Victoria Barracks provide the bulk of jobs. By contrast, manufacturing is small and dwindling, with fewer than one in six employed in the town's scattered light industries.

Physically constrained by the river to the north, the castle to the east and Crown lands to the south, Windsor has had few opportunities for growth.

The small bulge of development which has managed to escape westwards from such a tight corset is mainly residential and even here appears to have run up against the last notch of the Green Belt.

All of this, for environmental reasons, is fine by most Windsorians, and the town now exports nearly half its labour force to other areas, notably the nearby industrial town of Slough.

Less satisfactory, however, has been the growing flood to Slough's shopping areas by residents increasingly impatient of Windsor's crowded, inadequate car parks and its lack of anything even resembling a full-scale supermarket.

But all that is now being changed by two developments flanking the main Windsor shopping thoroughfare, Peascod Street:

Prudential Assurance, in conjunction with the Royal Borough of Windsor and Maidenhead, is developing a 4½-acre site which will provide parking for 950 cars, 40 shops including a large supermarket, two recreation halls, 26 flats and 30,000 square feet of office space.

Supermarket

On the other side of the street, and overlooking the Victoria Barracks a local developer, Brandrose, is putting up a multi-storey car park for 200 cars, a 35,000 square feet supermarket, 10,000 square feet of office space, a petrol station and a theatre club—all on the one-acre site of a former garage.

The projects are not large when set against the very extensive building programmes of other major towns of East Berkshire: Slough, Maidenhead and the Bracknell New Town. But for Windsor they are significant because of the considerable changes in habits they are expected to induce among a resident population which has shown increasing signs of weariness of the struggle against a tourist influx estimated at 3½m. in an average season and nearly double that during this Silver Jubilee year.

The key scheme is the £10m. Prudential project. The Pru has a 125-year lease on the land, which the local authority had acquired over a number of years and most of which for some time had been used for car parking. As Mr. Peter Simpson, chairman of the preservationist Windsor and Eton Society, readily concedes, such buildings as did come under the demolition hammer were mainly fairly modern and singularly lacking in architectural merit.

The development that replaces them will hide its utility services underground. Tourists and shoppers will walk down from the Castle and turn into a pedestrians-only complex of small, one- and two-storey buildings with pitched roofs on much the same scale as their far older counterparts clustered under the castle walls.

Beneath their feet will be the car park and the servicing facilities for the 30,000 square feet Waitrose supermarket and other shops. Only from a perimeter road close to the Thames will the multi-storeyed truth be revealed, and even there a tree-scaping operation is destined to do a cover-up job.

The decision to go ahead with the larger scheme was virtually the last action of the old district council before it disappeared in local government reorganisation four years ago.

And unlike some other modern town centre redevelopments, its progress into bricks and mortar has been a harmonious one. The council invited three developers—Prudential, Norwich Union and Capital and Counties—to submit schemes for the site, then put the lot on display in the historic Guildhall for public appraisal. The Pru scheme then got the vote on the council and Mayor Iain Harris, armed with a JCB excavator, scooped out in October last year the first shovelful of soil of a project which had the demonstrable support of the town public, its Chamber of Trade and even its preservation society. Completion is due in early 1979.

The smaller development, although of more modern design, was also devised under the severe architectural constraints now imposed on all building in the town. Developers are warned that they must not present a visual challenge to either the Castle or the town's ancient parish church . . .

Together, the two developments are expected to go a long way towards restoring an equilibrium in facilities for tourists and residents alike, without at the same time noticeably damaging the town's historic character.

It is a character which has been jealously guarded, not least by the Windsor and Eton Society, which saw a leap in membership to 700 during the period of debate on the redevelopment proposals and which in one notable battle at least has shown the sharpness of its teeth. Its former secretary Miss oris Mellor led a four-year fight to force the council to restore as a town green a two-acre site it had been operating as a car park for years.

After a struggle which went through the High Court to the Court of Appeal, Lord Denning was moved to write Betjem-esque verse as part of a [judg]ment which restored the [land] to the modern recreat[ional] equivalents of the "archery [and] musketry" for which it was [orig]inally handed by royal decre[e to] "the people of Windsor."

It was a struggle which, barrassingly for the c[ouncil], brought 84-year-old Miss [Mel]lor an MBE in an Honours [list] last year.

Now, however, the co[uncil,] the society and the Chambe[r of] Trade are uniting against [what] is seen as a threat to the t[own's] well-being from just beyo[nd its] western borders near the vi[llage] of Bray.

There, Woolco has been t[rying] for some time to win perm[ission] for a hypermarket. Its pro[posals] have already been turned [down] at local and county level[s and] the next round of the battl[e will] be a public inquiry starti[ng on] February 14 next year.

An incongruous date for [what] most definitely will not [be a] love-match.

An architect's impression of the £10m. Prudential town centre redevelopment scheme. Parking for 950 cars lies below.

Oliver's double chance

RACING

BY DOMINIC WIGAN

THAT POPULAR Scottish-based trainer Ken Oliver, whose Hawick string had a particularly lean time last season, winning just 20 races compared to its usual total of about 50, could be the man to follow at Sedgefield to-day.

The Roxburghshire trainer relies on those talented chasers Cromwell Road and Fiddler on the Hoof.

First to run is that progressive seven-year-old Cromwell Road, who is among the four runners for the Brandon Chase.

A somewhat erratic performer last season, when his jumping let him down badly on several occasions, Cromwell Road now appears to be going from strength to strength.

Third, when an uneasy second favourite in a race won by yesterday's Carlisle winner, The Last Light, on that same course early last month, Cromwell Road then separated Stag Party and Winter Chimes (again at Carlisle) a fortnight later before toying with Rozinante at Hexham.

Although that Hexham race, the Priestopple Chase, was a two-horse affair, there is little doubt that Cromwell Road's performance was no hollow victory, for the second had previously found little difficulty in dealing with Skiddaw View on the same course.

In the belief that there is still plently of improvement in him, I take Cromwell Road to win here—probably at the chief expense of Nice Palm—before going on to better things.

Fiddler on the Hoof, an extremely tough and consistant performer in the 1975-76 season, put up a pleasing performance on his reappearance at the last meeting here after a long lay-off.

Any improvement on that display should see Fiddler on the Hoof, ridden, as is Cromwell Road, by Ron Barry, getting the better of his 10 opponents, best of whom may well be Silkstone.

DEVON AND EXETER

11.30—Penhill Cottage
12.00—Winged Typhoon
12.30—Calculator
1.00—King of Swing
1.30—Orillo
2.00—Kastrup
2.30—Suncharmer***
3.00—Silage**
3.30—Beluga Boy

SEDGEFIELD

1.15—Montreal Boy
1.45—Cromwell Road
2.15—Fiddler on the Hoof*

Record £255,000 for an ivory

SALEROOM

BY ANTONY THORNCROFT

AN early 9th-century ivory plaque, which formed the cover to a manuscript gospel, sold for £255,000 (plus the 10 per cent. buyers' premium) at Sotheby's yesterday, easily an auction record for a medieval work of art. The plaque 7½ inches high by 3½ inches wide, was probably produced at Charlemagne's palace in Aachen, or at one of the monasteries the Emperor patronised.

The plaque, whose existence was unknown until its woman vendor put it up for auction, is regarded as one of the finest Carolingian ivories in existence. It portrays St John holding open his Gospel to show the first words: "In Principio Erat Verbum." The price achieved yesterday was over twice the forecast and the buyer was Frank Partridge, the London dealer.

All told the sale of Medieval, Renaissance and Baroque works of art totalled £610,518. A Hanover dealer paid £10,500 for a 13th-century North German bronze aquamanile in the form of a knight on horseback; Redford, a London dealer, acquired a Flemish ivory relief of the Deposition of Christ's body from the Cross, of around 1600, for £9,600; an early 15th-century Nottinghamshire alabaster relief of the Assumption of the Virgin sold for £9,000;

However, in contrast to the success of this sale the other major lot of the day, 13 chests of silver ordered at a cost of £30,000 by an Indian prince in 1931 in honour of a visit by the Prince of Wales, failed to [find a] buyer at Sotheby's Belgra[via and] was bought in at £130,000.

The sale of silver and [objects] of vertu totalled £272,767. [...] paid £6,500 for a massive [...] and Lameyer centrepiece [...] and a German ivory ta[nkard of] around 1890, 23 inche[s high] made £4,500.

There was also at Soth[eby's an] important auction of [...cen]tury and modern print[s which] totalled £224,495.

Bonhams held one of [its] picture sales for some t[ime com]posing of Old Maste[rs for] £147,455, with 8 per cent [bought] in.

In a sale of English a[nd Con]tinental oak at Christie's [yester]day totalling £94,889, a [...] oak cupboard was sold fo[r ...] to Littlecote Antiques, w[ho also] paid £4,400 for a fin[e 17th-]century Flemish oak t[able] (lot 202).

TV/Radio

BBC 1

† Indicates programme in black and white.

12.45 p.m. News, Weather. 1.00 Pebble Mill. 1.45 Barnaby. 2.45 Dechrau Canu. 3.20 Sky at Night. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Plum's Plots. 5.05 Countdown To The Festival. 5.35 Ivor the Engine.

5.40 News, Weather.
5.55 Nationwide, Weather.
6.20 Nationwide.
6.40 Sportswide.
6.55 Film: "Vera Cruz," starring Burt Lancaster.
8.30 The Other One.
9.00 News, Weather.
9.25 Cannon.
10.15 International Show Jumping.
11.00 To-night.
11.30 Weather.

All regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Sioncyn Sboncyn. 5.55-6.20 Wales To-day. 6.55-7.20 Heddiw. 7.20-8.00 Yr Erwau Gwag. 8.00-8.30 Come Back Mrs. Noah. 11.00 Kane on Friday. 11.30 News for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 8.30-9.00 Current Account. 11.00-11.30 Spectrum. 11.30 News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.00 Perspectives. 11.30 News for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 11.00-11.30 East (Norwich) On Camera; Midlands (Birmingham) Mr. Smith Steps Out; North (Leeds) Politics North; North East (Newcastle) Mike Neville Meets . . .; North West (Manchester) Home Ground; South (Southampton) Safari; South West (Plymouth) Peninsula; West (Bristol) Time For Music.

BBC 2

11.00 a.m. Play School.
7.00 p.m. News, Weather.
7.05 Roadworthy.
7.30 Newsday.
8.10 Kilvert's Diary.
8.25 Money Programme.
9.00 Cambridge Revue.
9.40 Horizon: 2002.
10.40 Benoni and Rosa.
11.30 News, Weather.
11.40 Jill Balcon reads "My Hat," by Stevie Smith.

LONDON

9.30 a.m. Motorway File. 10.00 The Saint. 10.50 Wild Country. 11.40 Dynomutt. 12.00 Handful of Songs. 12.10 p.m. Stepping Stones. 12.30 Battle Of The Comics. 1.00 News, FT Index. 1.20 Help! 1.30 About Britain. 2.00 Money-Go-Round. 2.25 Banacek. 3.50 Cedar Tree. 4.15 Place To Hide. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at Six.
6.25 Crossroads.
7.00 Muppet Show.
7.30 Backs to the Land.
8.00 General Hospital.
9.00 Jubilee.
10.00 News.
10.30 Police 5.
10.40 Russell Harty.
†11.40 Film: Dutchman.
12.40 a.m. Out of Town.
1.10 Christmas is Coming (poems).

All ITV regions as London except at the following times:

ANGLIA

9.25 a.m. Here Comes the Future. 9.50 Red Baron. 10.40 How? 11.05 Elaine, Singer of the Song. 1.25 p.m. Anglia News. 2.25 Film: Linda. 4.45 Magpie. 5.15 Happy Days. 6.00 About Anglia. 10.30 Probe. 11.00 Film: Boy, Did I Get a Wrong Number! starring Bob Hope. 12.45 a.m. Men Who Matter.

ATV

10.10 a.m. Clue Club. 10.30 Stone Age Men. 11.30 Hammy Hamster. 11.55 Parsley. 1.20 p.m. ATV Newsdesk. 2.25 Movie: Strong Man. 5.15 Squirrels. 6.00 ATV Today. 10.30 Film: THX 1138.

BORDER

9.30 a.m. Night Call. 10.00 Animated Classics. 11.05 Elaine, Singer of the Song. 1.20 p.m. Border News. 2.25 Matinee: Boys Will Be Boys starring Will Hay. 5.15 Happy Days. 6.00 Border News. 10.00 News, Border Weather. 10.30 Parliamentary Report. 11.00 Film: Quick, Before It Melts. 12.40 a.m. Border News.

CHANNEL

1.18 p.m. Channel News, What's On Where, weather. 2.25 Matinee: Lone Ranger. 5.15 Emmerdale Farm. 6.00 Report at Six. 10.28 Channel News, weather. 10.35 Late With Danson. 10.50 Movie: Crescendo. 12.25 a.m. News, weather in French.

GRAMPIAN

9.45 a.m. First Thing. 9.50 Woobinda. 10.15 Beachcombers. 11.05 Elaine, Singer of the Song. 11.35 Parsonage Farm. 1.20 p.m. Grampian News. †2.25 Matinee: Law and Disorder. 5.15 Emmerdale Farm. 6.00 Grampian Today. †7.30 Welcome to the Ceilidh. †10.30 Terror: Fear No Evil. 12.25 a.m. Reflections.

GRANADA

9.30 a.m. Fantastic Voyage. 9.50 Sesame Street. 10.50 Clapperboard. 11.15 Cartoons. 11.25 Wait Till Your Father Gets Home. 11.50 Reading with Lenny. [illegible]

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

(S) Stereophonic broadcast

[illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

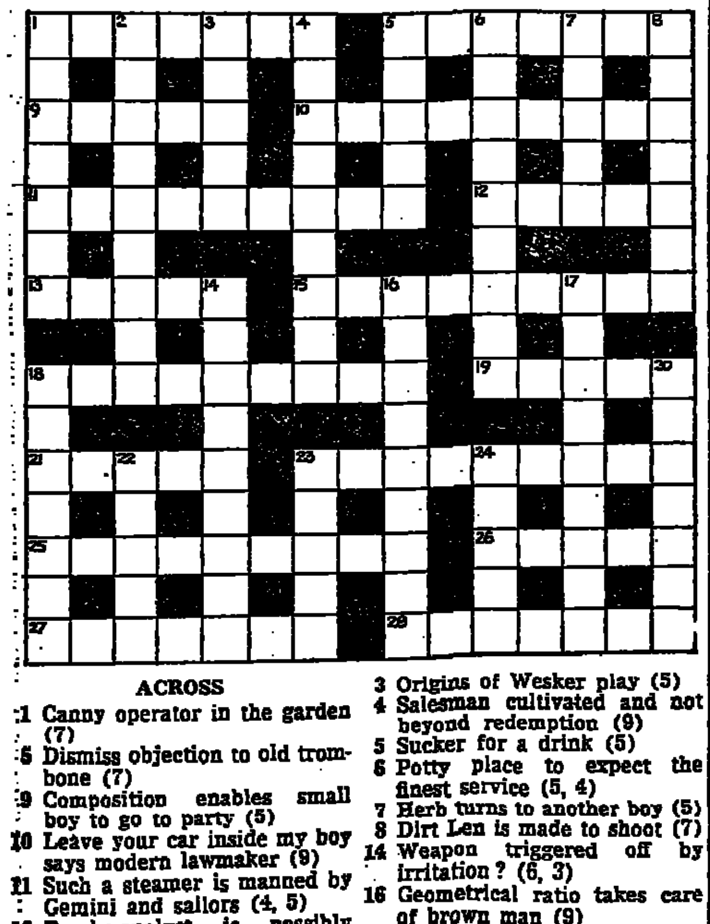
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,546



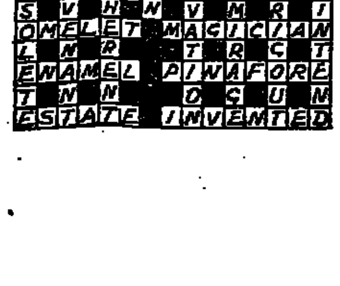
ACROSS

1 Canny operator in the garden (7)
5 Dismiss objection to old trombone (7)
9 Composition enables small boy to go to party (5)
10 Leave your car inside my boy says modern lawmaker (9)
11 Such a steamer is manned by Gemini and sailors (4, 5)
12 Psycho-analyst is possibly dear—about a pound (5)
13 13 is for a baker to sleep with Pole (5)
15 Can Bach with a student compose drinking song? (9)
18 Go before National Trust for example (9)
19 Might be supplied by horse (5)
21 Beast fetched up at Leatherhead (5)
23 Give squash to printer (4, 5)
25 Combine into one fashionable note by fireside (9)
26 Suppose I get immersed in job (5)
27 Bird sanctuary reached by female on railway (7)
28 Reckoning to call for attention to cry from one in the pink (5-2)

DOWN

1 Got the better of suitable material (7)
2 Can Elizabeth have old car? (3, 6)
3 Origins of Wesker play (5)
4 Salesman cultivated and not beyond redemption (9)
5 Sucker for a drink (5)
6 Potty place to expect the finest service (5, 4)
7 Herb turns to another boy (5)
8 Dirt Len is made to shoot (7)
14 Weapon triggered off by irritation? (6, 3)
16 Geometrical ratio takes care of brown man (9)
17 Another jumper revealing state of America (3, 6)
18 An ice-hockey player is likely to be mischievous (7)
20 Dish to stir too erratically (7)
22 Recorder sounds more appropriate (5)
23 Intoxicating being bossy (5)
24 Student is the apple of one's eye (5)

Solution to Puzzle No. 3,545



Cinema

Monsters for Christmas by NIGEL ANDREWS

Star Wars (U)
Leicester Square Theatre and Dominion from December 27.
The Deep (A)
Odeon Leicester Square
Bobby Deerfield (A)
Warner 4 from December 22
Landscape After Battle ICA
Shirin's Wedding
The Other Cinema
Goodbye Emmanuelle (X)
Columbia

Those seeking an explanation for the money-spinning success of *Star Wars*—it has already overtaken *Jaws* at the box office—need look no further than the fact that the film cashes in on a gigantic and ingenious paradox. This is the cinema's first "nostalgic" science fiction movie. If that sounds like a contradiction in terms, consider that not only is the film set in the past, not the future—"A long time ago in a galaxy far, far away" reads the opening title—but that its appeal lies less in the way it dazzles us with the novelty of its intergalactic imaginings than in the way it taps our own cosy and inviolable childhood memories. *Star Wars* is a scrapbook of colourfully ersatz images from Flash Gordon and Dan Dare. It is a comic strip come to life (not so dissimilar as such from George Lucas's last film *American Graffiti*, which also manoeuvred cut-out characters against a Toytown background), and it marks the disconcerting point at which the cinema's nostalgia bandwagon seems—the logical end of its journey—to have turned up the road of juvenile regression.

One feels like a killjoy in not greeting the film with due seasonal warmth, since this bright toy has arrived in London right on cue for Christmas and will no doubt furnish every grateful child's holiday treat. No sceptic can deny that it has vitality in abundance, that its special effects are splendid (though not surpassing that of *2001*) and that Lucas has worked marvels with his non-human characters, an array of robots who walk, talk and think as quirkily and expressively as the humans. Often indeed rather more so.

Our story revolves around the attempt of a motley quintet of heroes to mount an interstellar rescue mission in order to save a captured princess. She is the beautiful Leia (Carrie Fisher) who is languishing in the power of the nasty, empire-building tyrant Tarkin (Peter Cushing). Our two human heroes are the blond and princely Luke (Mark Hamil) and the impetuous Han Solo (Harrison Fisher); and the two stalwart robots who accompany them are the deferential C3PO, a sort of Jeeves in gold casing, and his friend R2B2, a mobile computer with an endearing vocabulary of grunts, bleeps and whimpers.

Also on hand is Sir Alec Guinness, looking majestically wise and all-knowing throughout: as well the actor might at the thought of having providentially signed for 2 per cent. of the film's profits. The story leaps about between locations with a manic wanderlust: the Tunisian desert, a space station, a jungle in Guatemala. And the hardware displayed by the film ranges in size and ingenuity from the laser-beam swords wielded by the chief hero and villain to the scallop-shaped spacecrafts that whiz through the starry void at a velocity that makes Kubrick's Blue Danube vision of the future in *2001* seem sluggardly.

But it is Kubrick's film, given a choice between the two, that I would take to a desert island. Unlike *Star Wars*, it has more to offer than speed and shiny showmanship and action-packed nostalgia. Lucas's film is so ingeniously staged and so ebulliently performed that it is the kind of film to give plastic movies a good name. But a plastic movie it is, and it prompts one to ask just how much further the cinema can go along the road to the inhuman, following the 1970s trail of big-screen anthems to aeroplanes, sharks, robots, gorillas and burning skyscrapers. How long before actors are made redundant and animals and machines unite to form their own branch of Equity? When, if ever, will Human Interest make a comeback?

*

The latter is a commodity no less hard-to-come-by in *The Deep*. This is another transatlantic money-spinner timed to arrive in London for the Christmas holidays. It is based on the best-selling novel by *Jaws* writer Peter Benchley, and it takes us on an even more elaborate tour of the frisson-infested deep than its predecessor. Jacqueline Bisset and Nick Nolte play a couple whose skin-diving holiday in Bermuda takes a startling turn when they discover a sunken wreck containing equal and anomalous quantities of Spanish treasure and morphine ampules. Two ships, it transpires, hit the same reef and now occupy the same watery grave: one a 17th-century Spanish galleon, the other a World War II freighter. The couple's discovery first attracts the unwanted attentions of a negro racketeer (Louis Gossett) who wants to buy the morphine; then arouses the interest of local sea-dog and antiquarian Robert Shaw, who offers to help the couple recover the loot.

Rendering the mission more problematic is the fact that the wreck is booby-trapped with a sunken cargo of munitions, that one of its less hospitable residents is a 12-foot moray eel, and that Shaw's treacherous henchman (Eli Wallach) is busy relaying information to the negro. It is no surprise that the film's screenplay went through several drafts before becoming the shooting script. The plot does not so much thicken as overflow in all directions; toppling the equilibrium of a plot that was never very steady to begin with, and sweeping the characters on from one whirlpool of a set-piece to the next with scarcely a pause for oxygen.

The best thing to do is to sit back and admire those set pieces, and to try to suspend your incredulity in between. Director Peter Yates and producer Peter Guber claim that the film's underwater photography surpasses anything seen in a feature film before, and the boast is not an idle one. *The Deep* and its camera crew conquer the sea as confidently as *Star Wars* does the firmament. Also in the film's favour is the moray eel itself, a sea-monster as charismatically horrible as its forerunner in the aquarium of Benchley's imagination, the *Jaws* shark. Only one final query: how does Robert Shaw survive, at the end, an underwater explosion fit to rock a battleship? Or is his escape merely poetic consolation for that traumatic moment in *Jaws* when he furnished the leading character's dinner?

*

Although I have been lamenting the loss of "human interest" in 1970s popular cinema, let it not be thought that I am coming to the aid of films like *Bobby Deerfield*. Sidney Pollack's new movie gives us human interest by the ladleful, but so syrupy is the mixture that even stomachs that happily digested *Love Story* may rebel here. Al Pacino plays a successful but emotionally inhibited racing driver. Marthe Keller is the beautiful and wealthy Italian girl who befriends him and tries alike to love him and to "bring him out of himself." She, however, is dying from a fatal disease — of the nameless Hollywood variety —and the film spins its fanciful narrative threads around the paradox of the dying girl teaching the living man how to live.

The result is a film of quite unsalvageable archness: directed with Photogenic sanctimoniousness by Pollack, in a lush range of Alpine locations, and acted by Marthe Keller and (especially) Al Pacino with a dedication that could be called either misguided or heroic, according to taste. This is the first time one has had a chance to observe Pacino in an unequivocally bad film—always an instructive experience for actor and spectator—and if a miracle were enough to save this film his performance would have done so. It is a marvellous embroidery of tics and sulks and impromptu comedy, and it keeps the screen alive whenever he is at its centre. But elsewhere the credibility and interest content drown under the influence of the film's hothouse sentimentality.

*

Two enterprising cinematic regimes in London are sadly about to end. Paul Taylor closes his spell as programme director at the ICA with a showing of Wajda's seven-year-old *Landscape After Battle*: a vivid, impassioned picture of what life was like for concentration camp survivors after the war, when reintegration they were herded from one relief camp to another before being released into society. Worth a visit.

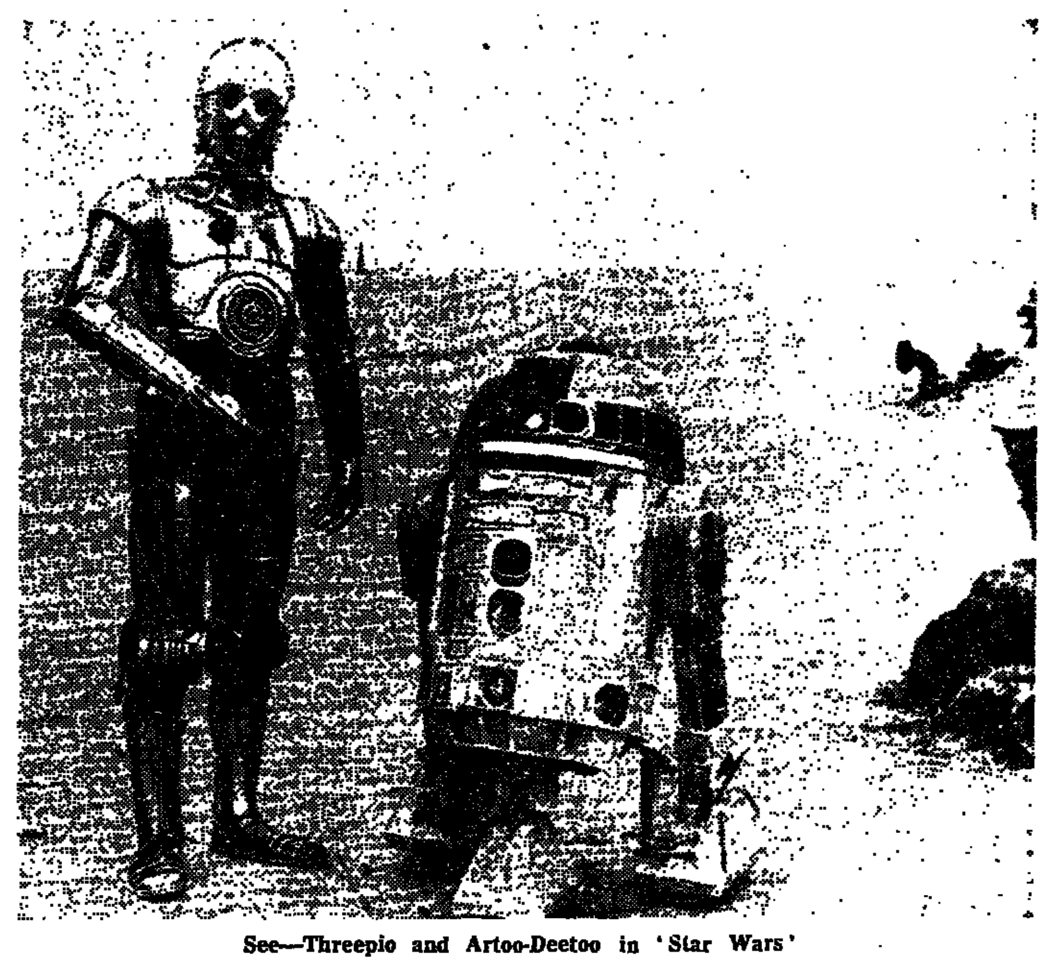
Despite last-minute appeals to the public at large, and to the British Film Institute in particular, The Other Cinema is to close at the beginning of January due to lack of funds. Those not sympathetic to the cinema's left-wing persuasions will jump to see the closure as a vote of no confidence, or no interest, in a socialist cinema. But whatever the correct diagnosis, the cinema's end sadly depletes the choice of outlets for independent films in London and leaves a gap one cannot see being filled for a considerable time.

*

Their last presentation is *Shirin's Wedding*, directed by Helma Sanders: the story of a Turkish girl's tribulations as an immigrant worker in Germany, whither she has fled to escape an "arranged" marriage. Like most of The Other Cinema's offerings, it is a mixture of the good and the bad, of the intelligently observed and the thumpingly doctrinaire. But also like most of the above, it is a more individual and provocative piece of film-making than virtually any of the big-screen blockbusters currently occupying the rest of the West End.

*

Last and most certainly least, *Goodbye Emmanuelle*: the latest (and dare one hope, the last) adventure of the globetrotting nymphet played by Sylvia Kristel. After Bangkok and Hong Kong, Emmanuelle and her retinue have now annexed the Seychelles as their newest erotic playground. Our heroine plays truant from her husband (Umberto Orsini) to fall in love with a handsome and trendy film director (Jean-Pierre Bouvier). The resulting adventures are lush, fatuous and well down to the standards of the film's predecessors.



See—Threepio and Artoo-Deetoo in 'Star Wars'

Lanceford Roberts and Vivien Townley

...ningham Hippodrome

La Bohème

by RONALD CRICHTON

...IAM GASKILL'S new production of *La Bohème*, first seen ...ly in Cardiff, reached the ...igbam Hippodrome on ...y as part of the Welsh ...al Opera winter tour. Mr. ..., whose *Barber of Seville* ... same company was much ... is an acquisition—a dis...hed drama director pre... to work from inside the ...ithout imposing ideas or ...manifestos, to work so ...y and unsensationally ... apart from becoming ...at text and music are ...a fresher, truer impact ...sual, one hardly notices ...e is doing. That is in...as a compliment.

...second and fourth acts of ...ème are fascinating for ...ings often muffled or overdone that come unstuck ...ely right. The skill, for ..., with which Mimi and ...r Bohemians are moved ... the crowd outside the ...omus so that each solo ...comes out clearly; the ...forward treatment of ...'s scene: the natural way in which the Parisian street sideshows grow out of the background.

The understatement of the last act is equally remarkable. The Bohemians' desperate high spirits, embarrassing when mature English singers ape Latin exuberance, are lightly touched in, like the death-throes of a camaraderie that is splitting up as the illusions of prolonged adolescence wither and real-life troubles begin to press hard. Yet one is sufficiently involved to be taken unawares by the successive arrivals of Musetta and the dying Mimi, and one has the uncommon impression of events taking place at the speed of a real-life crisis. This is, I suppose, a very British treatment. To Italian or French audiences it might seem underplayed and undersung. But it held the large audience at Birmingham and should have cured any lingering superiority about Puccini.

Though they have their points, the remaining acts are not on such a high level. The first act, while the intimate, unemphatic style is quickly established, is not helped by lighting the studio a pretty but improbable Harrodsy green—the same set in Act 4, left in unadorned French grey, look much better. The third act just fails to grip because the outside doesn't look cold enough while the open inn door doesn't suggest much warmth or cosiness within. But the gift for simplicity and subtle colour shown by the designer, Hayden Griffin, welcome at any time, is doubly so in a period of stringency. Michael Stennett's costumes (the period has been put forward) are an additional pleasure.

The Mimi and Rodolfo of the present cast are Vivien Townley and Lanceford Roberts. They give such finished, convincing performances that one regrets having to make reservations about the voices. Miss Townley is an intelligent, expressive artist, but her tone is uncertain, too often cloudy or unsteady. Mr. Roberts, in this large, unhelpful auditorium, sounds clear, but small and rather dry. Terence Sharpe (Marcello), Paul Hudson (Colline) and Henry Newman (Schaunard) are good individually and collectively. Mr. Gaskill has even refused to caricature Benoit (Derek Barnes) and Alcindoro (Peter Massocchi). Catherine Wilson's Musetta is a winner. Richard Armstrong's conducting, sympathetic, sensitive yet essentially strong, encouraged every phrase from the Welsh Philharmonia to underline Puccini's masterly economy.

The Entertainment Guide is on Page 20

Round House

The Importance of Being Earnest by B. A. YOUNG

The *Importance* is an indestructible play. I have several reservations about this production by Tenniel Evans (who also plays the two manservants Lane and Merriman, turning from one into the other by adding a grey wig and a rustic burr), but the lines come up as fresh as ever, and I laughed almost without stopping once we had got going. If I now devote myself to picking holes, it is only because the play deserves the very best. None of the faults came near to stopping me from enjoying myself.

"My dear Connor, my dear Harding," Oscar might have said, "you are neither of you my favourite actor." The Actors' Company is a pretty young company at present, and they seem to me to be taking Wilde's great comedy too frivolously. Martin Connor as Algernon wears country clothes in London and tropical clothes in the country, dreadful form, and most unlikely to prompt Worthing to describe him as overdressed or Lady Bracknell to say that "he has nothing but looks everything." Moreover he serves Lady Bracknell's tea on the tea-tray that also carries the teapot, the cream-jug, the sugar-bowl and all the rest of the paraphernalia, a curious eccentricity.

As John Worthing, John Harding dresses rather better, though he wears unpardonable brown boots with his town clothes; he only looks impeccable in his deep mourning. Perhaps as a foil to Algernon's tousle-haired schoolboy image, he strikes me as too insistently the Surrey JP and too little the secret man of fashion with a flat in Albany.

On the distaff side, Lady Bracknell is the chief victim of youth. I have seen the part played by a man, in Canada, I have seen it played with a German accent, in Greenwich, but I have never before seen it played as a ravishing beauty in perhaps her late thirties, which is the impression I got from Ann Firbank. She is dressed older than that, of course, and she manages the intonations of her voice as for an older woman; but the voice is a young voice, ranging upwards when she is excited or indignant to the top of the treble *clef*. The performance is a charming one, but it is a victory of mind over resources.

There is no difficulty with Gwendolen or Cecily. Rosie Kerslake is a most likeable Gwendolen, and she looks lovely in the clothes Stephanie Howard, the designer, has provided for her. She and her stage mother set a good example to the menfolk by never dropping their voices too much at the end of their lines. Mr. Harding in particular sometimes loses a word or two completely this way.

Cecily has a look of Tenniel's Alice—Sir John Tenniel's, not Tenniel Evans's—that is fitting enough, though she must sometimes have had trouble admitting to twenty at evening parties. She is a very jolly girl, a nascent Joan Hunter-Dunne probably, and if she forgets herself to the extent of loading the sugar into Gwendolen's cup with her fingers instead of the sugar-tongs we may remember that she has spent most of her life in the country with no company more sophisticated than Miss Prism's.

Age, real or simulated, only comes into its own with Edward Petherbridge's grey, skeletal Canon Chasuble, a lovely rendering, and Brenda Peters as Miss Prism, whose continued, if no longer fatal, absence of mind is indicated by the way she drops books about.

The production is a simple one, with the sets confined to a couple of essential walls pierced by the necessary entrances. The first night house was disappointingly small; for all my carping this should give a delightful evening out.

Paris theatre

Ubu by OSSIA TRILLING

ONE CAN see at once what drew Peter Brook and his fellow experimenters of the Centre International de Créations Théâtrales to Alfed Jarry's *Ubu* plays, three of which make up the stuff of what, at the Bouffes du Nord, is listed simply as *Ubu*. In a little over two hours, with a short break, we are introduced to virtually the same team that gave us *The Iks*. Only this time instead of tragedy, the label is tragi-comedy, and the ten stalwarts under Brook's command display a talent for hypnotic buffoonery second only to that which they put to such good use in the earlier piece.

The protagonist is, of course, the monster which its 15-year-old creator modelled on what must have been a particularly repulsive schoolmaster, Monsieur Hébert must have been fat, gross, splenetic, whimsical and sadistic. Jarry has caught him in aspic, and Andreas Katsulas, with the most economical of means, using hardly more than his practice clothes and the occasional woolly cap, blanket or skeleton prop, brings him marvellously to life in the first half, which draws largely on *Ubu roi* and *Ubu sur la Butte*.

In part two, he switches roles with Malick Bowens, the coal-black Mali actor, who in part one impersonated the fictitious King Wenceslas of Poland with equal conviction. Bowens now becomes the incarcerated Père Ubu of *Ubu enchainée*. Similarly Katsulas's fellow American, Michèle Collison, the large lecherous and loud-mouthed Mère Ubu of part 1, changes roles with the tiny Miriam Goldschmidt. Having borrowed the trappings of royalty, spiritually and physically every inch a queen, for the role of the King's consort, Miss Goldschmidt goes through agonies of despair and torture as the fettered Mother Ubu.

Ubu's seizure of power and of the throne, represented like so much in the production, symbolically, yet totally convincingly, by a large cable-drum, are gloriously mimed and enacted by the company to the accompaniment of a Japanese musician on the drums with a succession of grotesque gags taken straight from the circus and the Music Hall, or else inspired by them. Here the parallels with the style of *The Iks* are unmistakable. The laughter from the audience seated on a semi-circular stand around the acting-area on the stalls-floor of the gutted theatre, and on the balconies above, testify to the success of Brook's method.

There is less laughter in part two not surprisingly, since seeing two "liberated slaves," with black skins at that subjected to unspeakable indignities both on the stage-floor and in and out of the two trap-doors is intended to provoke an opposite reaction, and does. This production may well be a trial run for the forthcoming *Measure for Measure*. At the moment I cannot quite see how either Brook's *The Three Sisters* in Paris or his *Antony and Cleopatra* at Stratford might benefit from it.

St. John's Smith Square

Haydn Masses

by DAVID MURRAY

The BBC series of Haydn Masses continues apace; on Wednesday night, the *Harmoniemesse* positively bustled. It was the last of Haydn's great Masses, written when he was 70, and this performance was entrusted to young Ivan Fischer. He is full of tender anxiety for the music he conducts, simultaneously flapping urgently at these players and flinging minatory gestures at those, his hands describing frantic arabesques—stickless, prudently: a baton in those hands would constitute a public danger. The musical results of all this activity are genuine enough, with flashes of quick intelligence regularly picking out salient points, but serenity plays no great part in it.

There was much to enjoy in the *Harmoniemesse*, not least the contribution of the wind band, whose unusually substantial role gives this Mass its name. From their first entry in the *Kyrie* it was clear that the responsibility would be lovingly undertaken. In fact they made easily as much of an impression as the quartet of solo singers—Lynda Russell, Fiona Kimm, Ian Caley and David Thomas—who mostly performed reliably in their unshowy parts. (Miss Russell had a cold, perhaps: her line receded unpredictably from time to time.) Much of the power of the work derives from its rich austerity, however, and Fischer pressed it onward rather hard: an unhurried tread would have carried it more imposingly.

Mozart's Symphony No. 28 and the little *Village Scenes* of Bartok completed the programme. Not to put too fine a point on it, the Bartok was a mess; no doubt the resonance-time in St. John's added to the difficulties of articulating Bartok's bright chamber scoring crisply, but the instrumental balance was helter-skelter and the women's choral part often as good as lost. (If it sounded better to Radio 3 listeners, the BBC engineers deserve plaudits.) The Mozart, fortunately, showed Fischer at his best: if the Andante sounded wiry, the outer movements were fresh, fleet and witty. The Minuet was delicately muscled, without undue weight. Conducting of this quality might persuade concert-planners that there is more to early-middle Mozart than the 25th and 29th Symphonies.

The Campiello Band

The Campiello group is not, as I had supposed, a little camp; or rather it is, but not nominally—it is simply a musical remnant of the National Theatre production of Goldoni's *Il campiello* (The Square). They are square, too, that being part of the joke, or even the whole of it. Briefly, this is a weird little ensemble originally collected by Michael Nyman to make rackety band noises for the Goldoni: rebecs and banjo, saxophones and shawms and curtals, upright piano and trombone.

They performed in the crypt of St. John's yesterday at lunchtime. We had Nyman's Goldoni music, an excruciating arrangement of the "Miserere" from *Trovatore* (their repertoire includes several such items) and two plonking pieces of "systems music," besides a savagely reduced version of Leporello's Catalogue Aria which had a flat foot in each of these latter categories. It was all loud and cheerfully coarse, any any opportunity for musical invention was rigorously ignored; that seemed to be part of the joke. The group is bound to crop up again in any of their preferred venues ("concert halls, parks, churches, art galleries, bandstands, market places"): readers may consider themselves duly prompted or warned, according to taste.

DAVID MURRAY

Book review

King of the Strings

Segovia: an autobiography of the years 1893-1920 by Andres Segovia, translated by W. F. O'Brien. Marion Boyars, £6.95. 207 pages, illustrated

"My kingdom for a repertoire!" sighed the future king of classical guitarists after a successful recital in the Palace of Music at Barcelona. The event proved what few apart from Segovia himself then believed, that the Spanish public would come to hear a solo guitar in a hall associated with classical music, and that the instrument would be audible in so large a space.

The story as so far written ends in 1920, with the author (still playing, half a century and more later) on the verge of crossing the ocean to conquer new fields in Latin America. By then he had more or less established the guitar in his native Spain—established it, that is to say, as a vehicle for serious as opposed to popular music. Torroba, a respectable minor composer, had produced a work specially for him. But one Torroba does not make a summer, and though more eminent composers have subsequently written for Segovia and his followers, the prayer for a repertoire has not been substantially answered.

Segovia disclaims literary ability, but he can make people vivid—Miguel Llobet, one of his few predecessors as a "serious" player, is one of them, the cellist Gaspar Cassadó is another.

The old-fashioned atmosphere is rather pleasantly reinforced by the numerous line-drawings. The translation is American-English.

RONALD CRICHTON

EUROPEAN NEWS

Europe Parliament increases 1978 budget spending

BY DAVID BUCHAN STRASBOURG, Dec. 15.

IN MOVES which still threaten a clash with the Council of Ministers, the European Parliament to-day added £111m. to the payments side of the 1978 EEC budget and £55m. to the commitments side.

With time running out for a compromise before Christmas, the Council will have to decide, perhaps when Finance Ministers meet in Brussels on Monday, how much of these increases to accept.

Herr Erwin Lange, chairman of the Parliament Budget Committee, and EEC Budget Commissioner Christopher Tugendhat, both praised the way in which the Council of Ministers had moved in recent months towards their ideas of what the Budget should be.

After to-day's final reading of the Budget, total commitments for planned projects now stand at 12.69bn. European Units of Account (u/a) (£8.26bn.) and payments—the actual intention to spend specifically in 1978 are now 12.36bn. u/a (£8.05bn.).

The Parliament postponed until to-morrow a debate on a resolution calling for a new date for direct elections and concentrated on the Budget. But the Council now has the last say on the Budget because the Parliament has exceeded the legal percentage by which it can increase it. The principal bone of contention is Regional Fund spending, to which MPs to-day added £88m. in payments next year. They only symbolically tampered with the 1978 Regional Fund commitment figure of EUA580m., that EEC heads of government agreed last week, adding another EUA1m.

Herr Lange considered that the West German Government, which has baulked at any large Regional Fund increases, could accept these changes.

But in fact Commission officials consider that the EUA525m. to which MPs to-day raised Regional Fund payments for next year is unworkable, because of the traditional tardiness of some governments (particularly the Italian) in submitting properly prepared requests for the money.

Mr. Tugendhat to-day sought to ward off any criticism at the overall increases in next year's EEC budget over the 1977 one—these amount to a 29 per cent. rise in payments and 24 per cent. in commitments.

It was "quite bogus," he said, to compare these rates of increase with those in members' national budgets. The EEC budget, still accounting for less than one per cent. of community GNP and 2-2.5 per cent. of the combined national budgets, started from a small base.

There was also, he said, a natural "transfer of roles that the Commission could better perform" from the member states. Therefore, the apparent growth in the EEC budget was "perfectly understandable."

Clearly with an eye on his own government, Herr Lange underlined Mr. Tugendhat's remarks. He pointed out that the current EEC budget amounted to less than that of even his own state of North Rhine Westphalia.

EEC probes dumping complaints

BY GUY DE JONQUIERES BRUSSELS, Dec. 15.

THE EEC Commission announced to-day that it has opened two more anti-dumping investigations, into exports of kraft liner from the United States and wrought unalloyed titanium from Japan. It also said that it has delivered a formal protest to Canada over its recent restrictions on shoe imports.

The kraft liner inquiry has been started at the request of the French confederation of paper, cardboard and cellulose industries, which has alleged that U.S. exports are being sold in the EEC at a price 18 per cent. below that charged on the home market. Kraft liner is a packaging material used to protect goods transported in cartons.

The investigation into wrought unalloyed titanium exports will focus on allegations brought by the Liaison Committee of Non-ferrous Metals Industries that they are being sold in the EEC at a dumping margin of between 16 and 24 per cent. The exports in question include strip, sheet, plate, bar and wire but do not cover titanium used for Japanese aircraft production to the EEC.

In a Note to the Canadian Government earlier this week, the Commission protested that its new three-year quota system for shoe imports was unfair because EEC exports had not contributed to the declining share of Canadian manufacturers on their domestic market.

Steel dumping move, Page 6

Son of Cyprus President seized by EOKA-B group

BY OUR OWN CORRESPONDENT NICOSIA, Dec. 15.

SECOND-Lieutenant Achilleas Kyprianou (21), the eldest son of the President of Cyprus, Mr. Spyros Kyprianou, was kidnapped last night by unidentified gunmen, believed to be EOKA-B terrorists, who are demanding the release of all political prisoners and detainees and an amnesty for persons wanted by the authorities. The kidnappers have threatened to kill the President's son if their demands are not met.

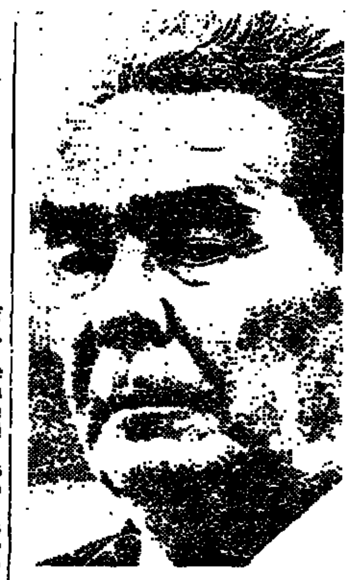
It was the most daring undertaking by members of the EOKA-B underground movement, the extremist Greek Cypriot right-wing organisation which fought in the past for the island's union with Greece.

There are about a dozen Greek Cypriots in jail or police custody, including Nicos Sampson, the man who was puppet President for eight days when President Makarios was temporarily overthrown and had fled the island following the Greek Army coup of July 1974. Most of those held are awaiting trial for offences committed before the coup. Others were rounded up recently following the bomb attacks against British installations in the British sovereign bases in southern Cyprus. Mr. Sampson has issued a statement saying that he does not want to be released through violence or any other illegal action. He condemned the kidnapping.

News of the seizure was broken to President Kyprianou this morning by the commander of the National Guard, General Ioannis Komninos. The President spent the whole day conferring with his Ministers, political party leaders and military and police chiefs.

The cabinet, which held an emergency meeting, issued a statement calling on the kidnappers "to consider the gravity of their action, show repentance and release the President's son immediately."

All Greek Cypriot political leaders, both Right- and Left-wing, have issued statements denouncing the kidnapping as an "abhorrent and detestable crime."



Doubts on Brezhnev's health

By David Satter

MOSCOW, Dec. 15.

MR. LEONID BREZHNEV, the Soviet leader, was absent for the second day in a row to-day from the three-day winter meeting of the Supreme Soviet.

His conspicuous absence, highlighted on the front pages of Soviet newspapers in photos showing his empty place amid the ranks of Politburo members, and the cancellation of a planned meeting with Herr Willy Brandt, the West German Social Democratic Leader, have convinced observers that Mr. Brezhnev is ill.

Mr. Brezhnev was seen to be coughing on the reviewing stand above the Lenin mausoleum during the funeral on December 8 of Marshal Alexander Vasilevsky, a leading Soviet military figure. But he has otherwise appeared in good physical form, according to diplomats who have seen him recently.

The 70-year-old Soviet leader is believed to have some long term health problems however—including a heart ailment, jaw and dental problems, and hearing difficulty.

Mr. Brezhnev would normally have attended the Supreme Soviet session, if only to make an appearance, and there is no obvious political motive for his dropping from view at this time. He was reported to have given a long and "colourful" speech on the Soviet economy to the Communist Party Central Committee plenary meeting on Tuesday but nothing is known of his demeanour at that time.

It is considered possible that after a strenuous few months during which Mr. Brezhnev led the celebration of the 60th anniversary of the 1917 October Socialist revolution, he has come down with flu.

Soviet-Iranian joint projects

By Our Own Correspondent

MOSCOW, Dec. 15.

EXPANSION of the Isfahan steel mills, which were built with Soviet assistance, the construction of a second parallel gas pipeline from the Soviet Union to Iran and the joint utilisation of Soviet-Iranian border rivers for hydropower generation were among the projects considered at the eighth session of the Soviet-Iranian joint commission which ended to-day in Moscow.

The Soviet news agency Tass reported that the Soviet delegation headed by Mr. Semyon Skachkov, chairman of the State Committee for External Economic Relations and the Iranian delegation headed by Mr. Mohammed Egane, the Minister of Economy and Finance, agreed that there were promising posibilities for Soviet-Iranian co-operation "on a mutually advantageous and balanced basis."

THE CLIMB OF THE SWISS FRANC

Reaching Alpine altitudes

BY JOHN WICKS IN ZURICH

ONE OF THE MOST remarkable phenomena in the international monetary system in the recent months and years has been the rocketing upwards of the Swiss franc. Stronger even than the mark, Switzerland's currency has shot up in value against the field and against virtually every individual unit of foreign exchange. Yesterday it reached a record trade-weighted appreciation rate of 81.46 per cent. over the Smithsonian level set in December, 1971.

Since its first revaluation—upgrading dollar parity from Sw.Frs.4.37 to Sw.Frs.4.08—in May, 1971, the Swiss franc has never really looked back. The dollar dropped to Sw.Frs.3.84 (plus or minus 2¼ per cent.) as a result of the Smithsonian agreement which realigned the major currencies after consultation between the ten most influential industrial nations in 1971.

After a few days of National Bank absence from the foreign exchange market in June of the following year, the currency was finally freed from intervention levels in January, 1973. By March, 1975 the dollar was worth only Sw.Frs.2.37½ which then remained the nadir until Wednesday when the latest weakening of the U.S. currency led to a new low of below Sw.Frs.2.07.

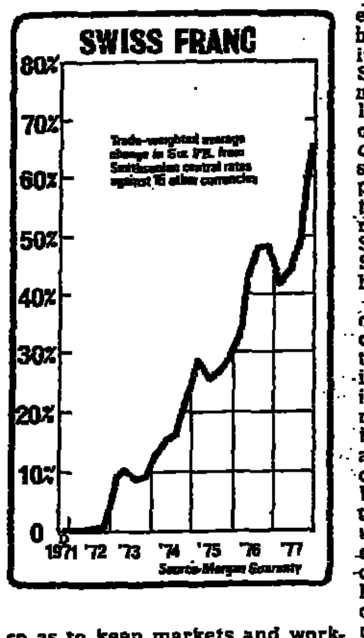
Nor is the strength of the Swiss franc only a question of a weak dollar. Sterling has slumped from almost 10 francs in late 1971 to little more than Sw.Frs.3.80 this week. One hundred lire are worth less than 24 centimes instead of 65 centimes. The French franc has fallen by 40 per cent. over the period. And—just as important—the mark, as currency of Switzerland's biggest export market, has fallen from about Sw.Frs. 1.19 to hardly Sw.Frs.0.97 at present.

The reasons for the hardness of the Swiss franc are obvious enough. Apart from the fact that the currency was definitely and substantially under-valued by the early 'seventies, Switzerland has a very strong economy—a large balance-of-payments surplus, insignificant unemployment, virtually no strikes and annual inflation of 1.3 per cent.—and complete political stability.

The recent recession was admittedly the worst setback the country had had since the war but made little impression on an outside world used to much more cataclysmic developments. These factors, plus the existence of the powerful international-finance mechanism centred on Switzerland and its banks, have proved an irresistible draw.

The soaring upwards of the Swiss franc into really Alpine altitudes has had considerably fewer ill-effects on the domestic economy than might have been expected—and as the business world had itself expected after the sudden strengthening of the currency in early 1975. Last year's trade surplus, the first for 23 years, was admittedly due to sluggish import growth rather than a tremendous success in exporting. But this year there will be only a relatively small trade deficit—possibly lowest apart from slump year 1975 since as far back as 1960. And the tourist trade is actually attracting more, not fewer, foreign visitors.

Although the gloomy forecasts have not proved justified and Swiss industry is to-day unexpectedly philosophical about the further revaluation trend, the development has hurt, however. Exports may have risen in value by 13.7 per cent. over the first ten months of 1977, but export profits have in many cases taken a knock; not a few companies are taking in orders at cost price so as to keep markets and workplaces. In some sectors, too, rising imports are making life much harder for suppliers to the rather lifeless home market. And the sizeable fluctuations in exchange rates make corporate calculations very difficult.



The government has certainly not been sitting back and letting it all happen. While there is no longer the earlier danger of economic overheating, the National Bank and the Federal Council have retained a range of tough measures to keep hot money out of the country—not least through rules like the 10 per cent. per quarter negative interest charged on new foreign Swiss-franc deposits or the restrictions on forward purchasing of Swiss francs. The National Bank has also spent very large sums of money in foreign exchange market interventions to boost the dollar—Sw.Frs.18.8bn. in calendar 1976 alone and Sw.Frs.13.6bn. in the first 11 months of this year (plus very large purchases in the first weeks of December)—which have been only partly financed by compulsory conversions into dollars of proceeds from capital-export transactions. Foreign exchange reserves have reached over Sw.Frs.16bn., apart from Sw.Frs.11.9bn. worth of gold holdings.

The authorities have also been quite successful in stopping the currency—which, after all, has the backing of only a 6m.-inhabitant nation—from becoming a real reserve medium. International bond loans denominated in Swiss francs have been kept as the preserve of the Swiss capital market, the National Bank has countered the use of the Swiss franc for transactions unconnected with the country's economy and most foreign central banks have agreed not to hold reserves of the currency over and above current requirements. One reason for not joining the International Monetary Fund has also been that large sums of Swiss francs would have been disposed of autonomously and without Switzerland being able to have a say in their use.

Switzerland itself can only partially put a damper on the rising exchange rate. All the well-laid plans of the past couple of years have been unable to bring the overall rate of appreciation down. Nor will the country's economy be so obliging as to go into decline in order to lessen demand for the Swiss franc. Though growth rates are modest, the GNP is rising again (banks economists claim by about 2½ or 3 per cent. in real terms next year), while the current-account surplus for 1977 will be second only to the record set up last year. There are no signs of a rise in inflation or unemployment to anything like international levels, all is quiet on the political and labour front.

As National Bank president Dr. Fritz Leutwiler said in Berne this month, the Swiss cannot drink up an ocean of dollars. A stabilisation or a decline in trade-weighted appreciation of more than a short-term nature will depend on the relative quality of other people's money rather than on the innate value of the Swiss franc. Certainly, the old idea that there is a "psychological barrier" for the dollar-Swiss franc exchange rate has been discredited again and again—although, of course, there must be a level at which the currency will have to reach a technical ceiling.

Not surprisingly, the Swiss are feeling very peeved at U.S. monetary policy, or lack of it. Dr. Leutwiler has spoken very plainly about "contradictory declarations" and the threat of "malign neglect" on the part of Washington. There is, in fact, not much more Switzerland can do off its own bat; a return to the short-lived ban on foreign investments in Swiss securities or such a drastic move as the splitting of the exchange rate into a commercial and a finance franc are definitely not on the cards. This is why the National Bank is very keen on some sort of international joint action, ideally including the Americans, and may be expected to step up consultations with other central monetary authorities to this end. As averse to new monetary restrictions as the Swiss are, they could well support some co-operative move which might stabilise the dollar, avert a new oil-price crisis and allow their own currency to find a natural level.

Andreotti attempts to win union backing for budget

BY DOMINICK J. COYLE ROME, Dec. 15.

SIG. GIULIO ANDREOTTI, the Italian Prime Minister, was to-night meeting union leaders in an attempt to win support for his revised 1978 budget, approval of which is now effectively linked to the survival of the 17-month-old minority Christian Democrat administration.

The three big union confederations have already threatened a general strike next month if the Government fails to satisfy their demands for immediate new investment to cut unemployment, especially in the South. They also want financial backing for a number of state-sector companies, notably in chemicals and steel, currently in a severe recession.

The immediate reaction of the unions is bound to influence leaders of the main opposition parties, but principally the Communists (PCI) and the Socialists. They are due to meet the Prime Minister to-morrow to consider the revised budget, a number of whose provisions greatly exceed Italian undertakings to the International Monetary Fund (IMF) last April.

In particular, the outline budget is understood to provide, after cuts amounting to L.5,000-L6,000bn., for an enlarged public sector deficit of more than L24,0000bn. (£15bn.). This compares with a ceiling of L14,450bn. indicated in Italy's letter of intent to the IMF at the time of a further Italian drawing of $530m. eight months ago. The Fund, meanwhile, is said to have agreed informally to an upwards adjustment of the deficit next year to L19,000bn.

The Government does not have the votes in Parliament to put through its budget without the backing—or at least the abstention—of some of the opposition parties. The Communists, in particular, would find it difficult to let through a budget unacceptable to the unions, the largest of which is associated directly with the PCI.

On the other hand, the PCI and four other opposition parties are still partners with the Christian Democrats in an agreement reached last July under which the opposition undertook to maintain the Andreotti Administration in office in exchange for effective consultation and co-operation on proposed legislation.

The Communists claim that this co-operation has not been forthcoming, and they are looking to the 1978 budget as a major test case of the six-party accord. However, the PCI's general secretary, Sig. Enrico Berlinguer, has already indicated that the time has come to establish an emergency Government to deal with the country's pressing economic difficulties.

What Sig. Andreotti is trying to achieve is a direct trade-off with the unions. He is asking them to accept a further round of austerity measures and an upper limit of about 12 per cent. in wage increases next year in exchange for some immediate employment-generating investments, and at least a temporary financial safety-net for a number of major companies threatening early lay-offs.

What is abundantly clear is that the Government will not be able to survive resistance to its budgetary proposals of both the major opposition parties and the unions. And ultimately their decision is likely to be influenced at least as much by political factors—and objectives—as economic considerations.

Portugal no nearer a government

A WEEK after the defeat of Portugal's minority socialist government on a parliamentary motion of confidence, the formation of a new government is apparently no nearer writes Diana Smith in Lisbon.

The major parties—Socialists, Social Democrats, Christian Democrats and Communists—have now handed in the memoranda requested by President Eanes, offering suggestions for a way out of the economic and political im[passe].

Meanwhile, acting P[rime Minist]er Sr. Mario Soares and [oth]er Socialist leaders have taken the initiative of inviting their parliamentary opponents for talks, in the hope of establishing some form of political consensus.

Van Agt forms new Dutch Government

Mr. Andries van Agt, Premier-designate in the new Centre-Right Dutch coalition Cabinet, has succeeded in finding his final three Cabinet Ministers, Michael van Os writes from Amsterdam. A new Government is expected to be sworn in possibly to-day, but more likely on Monday.

Czech Budget

Czechoslovakia's Parliament approved a surplus Budget yesterday that calls for expenditures of 274.4bn. crowns with income expected to reach 274.5bn. crowns, reports AP-DJ.

Hungary fight

Hungary is still engaged in an uphill struggle in view of its unfavourable trade balance, Mr. Attila Madarasi, the Ministry of Finance Under-Secretary, told Parliament's Budget session yesterday, AP-DJ reports.

Spy scandal

NATO yesterday played down the damage to the alliance's security by the latest West German syy scandal, reports Reuter. It was believed to be more damaging to West German security.

Demirel stays in office despite losing majority

BY DAVID TONGE ANKARA, Dec. 15.

THE TURKISH coalition, which last night lost its Parliamentary majority as a result of party resignations, intends to stay in office until forced out, according to sources close to Prime Minister Suleyman Demirel.

His task has been made more difficult by two more resignations reported this evening, which mean his party has shrunk [fr]om 189 to 181 Deputies since Sunday's municipal elections. Mr. Demirel has [ca]lled a meeting of the pa[rty's] Parliamentary group for to-morrow morning.

His coalition now has 221 of the 450 seats in Parliament.

But the Deputies who have resigned from his party are an assorted collection who have yet to commit themselves to supporting the opposition and giving it the 226 seats necessary to bring down the Government.

A day of speculation about the future of the Government and its ability to sign a letter of intent with the IMF team in Ankara—a move essential if foreign banks are to make fresh advances to Turkey—took place a[gainst] a backcloth of further violence.

Fifty-four students were wounded, many of them critically, after a bomb went off in a cafe known to be used by leftists in Ankara.

When police were asked why they had set on leftist students there with truncheons after the explosion, they said they were "taking in witnesses."

Later in the day, a member of the youth organisation of Mr. Demirel's Justice Party was shot dead outside the party headquarters.

France faces pay clash

BY DAVID CURRY PARIS, Dec. 15.

THE FRENCH Government is facing a bitter pre-electoral wages clash with sections of the two militant unions, the Communist-controlled CGT and the left-wing CFDT, following yesterday's breakdown of peace talks between the unions and the state-owned electricity and gas utility (EDF-GDF).

The two unions are demanding a resumption of collective bargaining in the power supply industry in defiance of the Government's incomes policy limiting wage increases to a small premium over the rise in the cost of living.

The unions have already staged sporadic strikes over two weeks. It took only an hour of talks last night before the unions emerged to announce the resumption of strike action in the face of the Government's "intransigence." While a truce will be observed over Christmas the unions have declared they will resume strike action in the New Year.

The Government will now come under increasing pressure from political groups on the right and from industry to restrict the right to strike in the public sector, requisition labour, or call in troops.

The power workers, it has ceased to proclaim, are pri[vi]leged people with special pen[sion] and job security benefits [an]d are not within the category [of] low-paid workers.

In any case, since the moder[ate] unions have already sett[led] within the incomes policy a[nd] have denounced the strikes, [the] Government does not want [to] alienate co-operate groups [of] workers by conceding, under pressure, to the most political of the Left-wing unions.

On the all-pervading electo[ral] front, the strikers are alre[ady] being attacked for hurting [the] interests of fellow workers [and] damaging the prospects of [the] left in the March general e[lec]tion.

Romania sacking

Mr. Constantin Babalan, th[e] Romanian Minister of Mining, w[as] dismissed to-day and replaced [by] Mr. Vasile Patilinet, until 19.. Central Committee Secretary [in] charge of security, Paul Lend[vai] writes from Belgrade. The sa[ck]ing of Mr. Babalau who has be[en] in office less than a year is clea[rly] the result of the labour conflic[t in the] pits in the Jiu Valley last Au[gust] which at its height involved ab[out] 35,000 miners.

10% young jobless in OECD

BY ROBERT MAUTHNER PARIS, Dec. 15.

THE NEED for comprehensive measures to deal with the growing problem of youth unemployment was underlined here to-day at the start of a two-day meeting of labour ministers from the 24 OECD member countries.

Mr. Ray Marshall, the U.S. Secretary of Labour and chairman of the conference, warned that while youth unemployment might start to decline once the post-War "baby boom" had worked itself out, it would continue to be a serious problem in the 1980s.

The magnitude of the problem was illustrated by statistics showing that the unemployment rate for the 15 to 24-year age group in all OECD countries was 10 per cent. The youth unemployment rate was more than double that of adults in many OECD countries and almost 40 per cent. of the unemployed in the area were teenagers and young adults, Mr. Marshall said.

Much could ultimately be done to restructure education to help the young workers of the 1980s and 1990s, but educational changes took a long time to work their way through to the labour market. In the meantime remedies had to be found which produced more rapid results.

Mr. Marshall admitted that there was no panacea for youth unemployment. What was needed was a broad mix of strategies to deal with different aspects of the problem. Neither the North American approach, which relied on public service employment as one of the main means of dealing with youth unemployment, nor the greater emphasis placed in Europe on wage subsidies, could alone provide a solution. Governments should be more flexible and incorporate some of the measures taken by other countries into their own programmes.

Mr. Emile van Lennep, the OECD secretary-general, said that while there was a clear need for measures which would have a quick impact on the level of unemployment, the time had come to consider a longer-term approach. The rolling forward of temporary measures co[uld] cause distortions if they w[ere] continued indefinitely.

Over and above the gene[ral] policy objective of assuring [sus]tained economic expansion in member countries, more at[ten]tion should be given to structural causes of unem[ploy]ment and youth unemployme[nt in] particular.

A major structural factor [has] been the accelerating grow[th of] the labour force resulting m[ainly] from the substantial increa[se in] the number of young people [and] women seeking work.

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AMERICAN NEWS

Carter optimistic on Energy Bill passing the Congress soon

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Dec. 15.

PRESIDENT CARTER predicted again to-day that Congress would pass a satisfactory Energy Bill early in the New Year. Congress will probably adjourn for the Christmas recess to-day or to-morrow with Conference Committees still blocked on the Bill.

But during his news conference this morning and in informal remarks immediately afterwards, he declined the opportunity to take Congress to task for its inaction. Although he described the lack of an agreed Energy Bill as the only major failure this year, he said that he had detected in private conversations with Congressional leaders more flexibility than their public pronouncements indicated.

Mr. Carter expressed sympathy for the Congressional task of resolving the "inherent conflicts" in the energy programme, and he thought that the formulation of an energy policy was the most difficult, complicated and divisive issue Congress had ever faced.

There have been reports that the President is privately furious about the lack of Congressional action on the Energy Bill. But he appears determined to maintain in public the posture of being willing to work with, not against or over the heads of, the legislative branch.

This may yet be profitable. Senator Robert Byrd, the Democratic leader in the Senate, for example, held out the hope this morning that the Conference Committees could actually reconvene next week—even though their colleagues had gone home for Christmas.

The committees have reached agreement on three of the five principal points in the Energy Bill—conservation, conversion to greater use of coal, and utility rate reform.

The unresolved subjects are the price and regulation of natural gas and the wellhead tax on crude oil.

Mr. Carter acknowledged to-day that the absence of an Energy Bill was complicating the process of drawing up his promised tax cuts for individuals and business.

He repeated that these cuts would be "substantial." The best guesses are that they will amount to $20-25bn., with individuals getting between two-thirds and three-quarters of the relief and business the rest.

Hope of end to coal strike

BY OUR OWN CORRESPONDENT NEW YORK, Dec. 15.

[illegible] aimed at ending the U.S. strike have edged significantly towards a settlement over the [illegible] few days, although [illegible] leaders and employers [illegible] to-day that important [illegible] have still to be overcome.

The possibility of a breakthrough has emerged since the [illegible] by more than 160,000 [illegible] started ten days ago. The government is anxiously [illegible] for an agreement, while [illegible] of violence between [illegible] and non-union miners has [illegible] attracting unfavourable attention.

Acknowledging that progress [illegible] made on a number of [illegible], an employers' source [illegible] this morning that there [illegible] "a mopping-up operation [illegible] size of the Vietnam war." [illegible] United Mineworkers (UMW) and the Bitu[illegible] Coal Operators' Association [illegible] shown a readiness to [illegible] over the past few [illegible] particular, the union is [illegible] its demand for the right to strike, should a [illegible] of members at a particular [illegible] favour it. The employers look ready to drop their demand for the right to penalise miners who take part in unofficial strikes by docking money from their wages after a return to work.

Since unofficial strikes have gravely weakened pension and health schemes in the industry the union has been entertaining a proposal by employers that unofficial strikers should be forced to reimburse health and pension funds through deductions from their wages. These funds are hit by stoppages because employers contribute to them on the basis of man-hours worked and tons of coal produced.

Progress is also apparently being made on other aspects of what is being talked of as a "labour stability package." These include the employers' claim for the right to sack miners who use picketing to bring about an unofficial strike and the outline of policy on absenteeism.

Significantly, the AFL-CIO biennial convention in Los Angeles this week passed a resolution supporting the miners.

PERUVIAN DEBT CRISIS

Lima loan request refused by Washington

BY NICHOLAS ASHESHOV LIMA, Dec. 15.

THE U.S. Treasury has turned down a request from the Peruvian military government for an emergency $100m. loan to help tide it over a new balance of payments crisis.

Diplomats and bankers here immediately linked the U.S. refusal with a $60m. group of payments by Peru, due to the U.S.S.R. in January. The payments are all for military equipment. Peru has bought what diplomats calculate to be $800-$900m. worth from Moscow during the past four years.

Diplomats say that the Peruvian military intends to ask the U.S.S.R. to accept deferred payments. There are even reports, on which no official will comment, that Peru might follow Egypt into declaring a unilateral moratorium on the armaments debt, which diplomats calculate at more than $2bn.

Peruvian officials, shocked by the U.S. refusal, said that the Treasury in Washington had told them to ask Japan or West Germany for loan funds, because their balance of payments are in better shape. "President Francisco Morales Bermudez feels the phrasing of the reply is 'little short of an insult,'" a Peruvian Foreign Minister official said privately to-day.

Peru faces huge foreign debt repayments in the first quarter of 1978. The public debt figure is about $370m., and the private debt, most of it short-term, a similar figure in terms of net outflow, due to technical factors. These figures add up to a total substantially above the sums which Peru is likely to receive for exports during that period.

Meanwhile, bankers and officials here say that the international banks are restricting the use of their credit lines to Peruvian banks. This is the opposite of the reaction expected by the Peruvian Government after the signing of a stand-by agreement in mid-November with the International Monetary Fund. The credit, for 90m. SDRs, spread over two years, is to be supplied on the condition that the Government imposes a draconian austerity programme.

But officials say that the IMF decided secretly at the last moment to take the unusual step of not handing over the first payment at the time of the signing in November. Instead, the fund will only hand over the first payment at the end of February and, of course, only on condition that Peru has kept within the programme limits. Bankers and economists here are generally agreed that Peru will not stay within the limits. "They have passed some of them already," says a banker who has the details of the fund agreement.

Gen. Morales's financial and economic policy has remained either non-existent or a closely guarded secret, in the view of international bankers who have tried to find out what government proposals are for meeting the payments crunch at the beginning of the year.

There is a vaguely-phrased proposal for a re-financing meeting to be held in March, but bankers say that they cannot get details on this.

Meanwhile, on the home front, a partial collapse of the industrial sector is being publicly predicted for the first half of 1978. In the wake of recession and an unprecedented liquidity squeeze, the Central Bank is calling in all rediscounts.

Even more alarming is the trend of the legal free market price for the sol. To-day, this stood to 138 to the dollar, representing a devaluation of about 60 per cent. in nine weeks.

Buying in a market lacking dollars could turn into something approaching panic levels as many industrialists, forced by the authorities into obtaining immense dollar swap debts in the past two years, struggle to save themselves from further losses on foreign exchange deals.

U.S. industrial production up in November

U.S. industrial production rose by an adequate 0.5 per cent. last month, an improvement on the 0.3 and 0.4 per cent. advances recorded in October and September respectively, our U.S. editor writes from Washington.

In fact, the November figures were generally healthier than implied by the overall index, because they included a sharp 4 per cent. decline in the output of new cars.

U.S.-Viet talks

The Vietnamese Deputy Foreign Minister, Phan Hien, arrived in Paris yesterday for a new round of negotiations with the U.S. on establishing normal diplomatic and trade relations, Reuter reports. The protracted talks will resume on Monday, after a six-month interval. The main stumbling block to normalisation has been the Vietnamese demand for $3.25bn. in reconstruction aid, which, it says, was promised by former President Nixon.

Shah aftermath

The U.S. Justice Department is seeking evidence as to whether demonstrations during the recent visit to Washington by the Shah of Iran violated the Foreign Registration Act, the department said, UPI reports from Washington. The Department wants to know who financed the thousands of Iranian pro- and anti-Shah demonstrators who swarmed into Washington last month and clashed near the White House.

Larosiere likely IMF head

BY OUR OWN CORRESPONDENT WASHINGTON, Dec. 15.

THE DIRECTORS of the International Monetary Fund will meet to-morrow to consider the choice of a new managing director, amid growing signs that M. Jacques de Larosiere of the French Treasury is nearly certain to take over from Dr. Johannes Witteveen.

Technically, the session to-morrow will not be a fully-fledged board meeting, although it will include all the members of the board. They will be sitting in their capacity as memebrs of the Committee of the Whole, convened specifically to thrash out the matter of succession.

Thus a separate formal board meeting may well be required before any announcement is made. This may not be for some time, because there are other fora where discussion is expected to take place. The EEC finance ministers, for example, agreed at their last meeting in November to consider the subject again at their next session, which is due on Monday.

Nevertheless, support for M. de Larosiere appears to have been consolidated in recent weeks. The secret Paris meeting of the finance ministers of the U.S., U.K., West Germany and France two week-ends ago is believed to have produced an informal understanding that he, the Director of the French Treasury, would be given the backing of the major powers.

There are other candidates, Mr. Willem Duisenberg, the Dutch Finance Minister in the Cabinet of Mr. Joop den Uyl, recently entered the lists.

Grumman gift to Iran

BETHPAGE, N.Y., Dec. 15.

GRUMMAN Corporation, in a move to settle a dispute with Iran, has said that it would give $24m. worth of spare parts for F-14 fighter aircraft to the Iranian air force over a three-year period.

The Iranians are buying F-14s from Grumman. The company was to pay a commission to a sales representative for helping to clinch the deal, and did pay $6m. in commission fees.

But Iran announced that no commission fees would be allowed, and that the Iranian Government should get the money. The donation of spare parts is a move to settle this dispute.

AP-DJ

Argentina and U.K. may seek Falklands oil

By Hugh O'Shaughnessy

THE POSSIBILITY of the joint exploration of the oil potential of the Falkland Islands by Britain and Argentina was agreed yesterday at talks in New York between Mr. Ted Rowlands, a Minister at the Foreign Office, and Capt. Gualter Allara, his Argentine opposite number.

A joint working party on the subject is to be established. Mr. Rowlands is to spend Sunday in Rio de Janeiro meeting, and reporting to, a Falkland Islands delegation lead by Mr. James Parker, the governor.

Mr. Rowlands is sepnding to-day in Mexico City discussing Belize with Sr. Santiago Roel, the Mexican Foreign Minister.

On Saturday, he will continue talks on Belize with Gen. Omar Torrijos, the Panamanian head of government, in Panama City. Mexico and Panama have expressed support for the Belizean cause, and opposed Guatemala's claims to sovereignty over the territory, the last British colony on the American continent.

Earlier this week, Mr. Michael Manley, the Jamaican Prime Minister, paid a surprise visit to President Carlos Andres Perez of Venezuela in Caracas to discuss the results of the meeting on Friday in Kingston of Caribbean Foreign Ministers on the Belize issue.

MR. GEORGE MEANY

Testing time ahead with the President

BY JOHN WYLES IN NEW YORK

AT AROUND 10 p.m. on some evenings last week, a short, slightly rotund, old man with a cigar wedged firmly in the corner of his mouth could be seen wending his way through the lobby of the Bonaventure Hotel in Los Angeles, apparently returning from an evening constitutional.

There is little in his appearance to suggest that George Meany is the most controversial 83-year-old in the United States, characterised at one extreme as the all-powerful boss of greedy "big labour" and at the other as a saintly and unselfish servant of the American working man.

Re-elected this week for a 12th two-year term as the President of the American Federation of Labour-Congress of Industrial Organisations, Mr. Meany is not a man to be unduly disturbed by public criticism or praise. In an interview with the Financial Times at the close of the AFL-CIO's biennial convention in Los Angeles, he seemed to enjoy the serene confidence of one who after more than 40 years as a senior union leader—20 of them at the top of the AFL-CIO—has outlived generations of enemies and allies. Longevity coupled with formidable political skills mean that he is unrivalled in the Western world as the dominant leader of a national labour organisation.

Mr. Meany suffered a serious illness 18 months ago, when his retirement was widely expected. But although he acknowledged on Tuesday that the next two years are likely to be his last at the top of the AFL-CIO, he insists that he would not have accepted re-election had he not felt able to serve the full term.

One of his first appointments when he resumes work in Washington next week will be with President Carter, whose failure to accept an invitation to address the convention has deeply irritated many unions. Mr. Meany pronounces himself unaffected. "I think it was unwise from his point of view not to come," he said.

He regretted that "Carter has not got anyone around him apart from Vice-President Mondale and Secretary of Labour Marshall who really understands us and he does not understand our movement in the way that Johnson and Kennedy did."

Mr. Meany anticipates that the next two years will be a testing time for relations with the Administration. He thought that there was not "a wide difference" between them on economic policy despite the AFL-CIO's demands for a greater fiscal stimulus than the President seems ready to offer. But trade policy, for which the AFL-CIO's slogan is "fair trade not free trade," may be a much more potent source of conflict. Mr. Meany warned that labour will be seeking greater job protection for workers in industries which are vulnerable to imports through orderly marketing agreements and quantitative restrictions on a range of imported goods.

A third crucial area concerns the future of Dr. Arthur Burns, chairman of the Federal Reserve Board who Mr. Meany appears to hold exclusively responsible for "nine years filled with economic misery." If the President reappoints Dr. Burns when his present term expires at the end of January "then he will be giving us a signal that he will be going to the Right," he says.

Certainly the Administration will have to produce a much greater reduction in unemployment before labour starts to warm to the President. Mr. Meany has adopted Carter's human rights rhetoric in his calls for more jobs, and is laying increased emphasis on the effects of unemployment on blacks and other minorities. It may well be that a strengthened coalition of blacks and labour will start to emerge next year.

Involvement

Certainly Mr. Benjamin Hooks, the new Executive Director of the National Association for the Advancement of Coloured People, was extravagant in his overtures to the convention claiming that "history will record that hardly a significant advance has been made on the civil rights front without the active involvement of organised labour and the magnificent leadership of George Meany."

To Mr. Meany, pay and conditions are the vital bread and butter priorities for labour, and he is deeply suspicious of attempts to set his movement crusading.

The AFL-CIO president played a key role in the discussion which led up to the U.S. recent withdrawal from the International Labour Organisation. He is greatly contemptuous of the Eastern Bloc's unwillingness to meet any of the U.S. complaints about the politicisation of the ILO. "If they had made one concession over the past two years they could have kept us in. It is going to be much more difficult now to get us back," he said.

OVERSEAS NEWS

Sadat said to have been invited to Washington

CAIRO, Dec. 15.

AS THE first working session of the Cairo peace talks between Israel and Egypt took place behind closed doors, a state-controlled Cairo newspaper to-day reported that President Anwar Sadat has been invited by President Jimmy Carter to go to Washington. The Egyptian leader is said to have deferred the visit for the time being.

The report in Al-Akhbar came amid speculation that the Egyptian leader might fly to Washington to join Mr. Menahem Begin, the Israeli Prime Minister, in talks with President Carter. The newspaper quoted Mr. Sadat as saying that Mr. Begin's visit gave "a push to the peace process."

Meanwhile, a senior official travelling on the aircraft of Mr. Cyrus Vance, the U.S. Secretary of State, returning from his Middle East tour, said that Israel was reconsidering its hardline attitude on the West Bank, the main stumbling block to a settlement. The official said Mr. Begin would outline his new thinking in his talks with President Carter—Agencies.

David Lennon adds: Egypt and Israel to-day assigned a joint legal group to work out the basis for future negotiations between the two countries. The three-man group is understood to be seeking an agreement on the precise interpretation of the clauses of UN Resolution 242 which it has been decided will provide the framework for the talks. The formal sessions of the Cairo conference have gone into a three-day recess, meanwhile.

Israeli Prime Minister Menahem Begin has been invited by King Hassan to visit Morocco, according to yesterday's editorial of Ma'ariv, writes L. Daniel in Tel Aviv. If President Sadat should decide not to go to Washington at this stage, a meeting between him and Mr. Begin in Morocco some time early next week is now a distinct possibility.

The official Israeli spokesman, Mr. Dan Pattir, said to-day that the adjournment was out of respect to the days of rest of the Moslem, Jewish and Christian religions. However, it is understood that the meeting could be reconvened on Sunday if the legal team completes its work earlier.

It is believed that there is already agreement on the reinterpretation of Resolution 242's reference to the Palestinian issue. It speaks only of "achieving a just settlement of the refugee problem." However, Israel has already conceded that this can be taken to read a solution of the Palestinian problem.

The three-man legal team started its discussions this afternoon.

[Egypt demanded at to-day's session that the conference approve a statement calling for complete Israeli withdrawal from occupied Arab lands and establishment of a Palestinian state, reports in the state-controlled Cairo Press said, UPI reports. The declaration would also end the three-decade-old state of war between Israel and the Arabs, and guarantee the right of every country in the Middle East to exist within secure borders, the reports said. Israel refused, saying that the conference should limit itself to drawing up a legal interpretation of (UN) Resolution 242 and approving an overall (draft) peace treaty between Israel and its Arab neighbours, the reports said.]

Rather than making any dramatic concession in response to that of President Sadat when he visited Jerusalem, the Israeli delegation was clearly instructed to give nothing away.

Vance's Arab peace trip ends

RIYADH, Dec. 15.

MR. CYRUS VANCE, the U.S. Secretary of State to-day wound up his six-nation Middle East tour on an optimistic note.

Mr. Vance told a news conference before leaving Saudi Arabia for Washington that he was optimistic about the results of his mission to keep up the momentum of Middle East peace moves.

He reiterated that the U.S. was committed to a just and comprehensive settlement in the Middle East.

Mr. Vance visited Egypt, Israel, Jordan, Lebanon and Syria before stopping finally in Saudi Arabia, which plays an important role in the Middle East helping to finance the Arab confrontation states.

At a press conference, Prince Saud, the Saudi Foreign Minister expressed his country's hope that U.S. efforts to establish a just and permanent peace in the Middle East would succeed.
Reuter

OPEC conference to go ahead as scheduled

BY RICHARD JOHNS

THE ministerial conference of the Organisation of Petroleum Exporting Countries (OPEC) set for Caracas, Venezuela, for December 20, will take place as scheduled, Sheikh Abdel-Aziz al Thani, Qatari Minister of Oil and current President of OPEC, said yesterday in Bahrain.

Nevertheless, uncertainty continued in Caracas itself where the newspaper El Universal reported that Venezuela, which is desperately anxious for consensus on the question of prices, had asked fellow members to "explore the possibility" of deferring next week's meeting "if you consider it convenient and appropriate in the present situation."

The whereabouts of Mr. Valentin Hernandez, Minister of Hydrocarbons, who left Caracas on Wednesday for "normal" consultations, remained a mystery. Despite reports that he was heading for Bahrain where the Organisation of Arab Petroleum Exporting Countries was ending its meeting, no word of his arrival had been received.

The OAPEC meeting was concerned with joint ventures of the member states (including three not belonging to the main producers' cartel) and the opening of the Arabian Ship Repair Yard, which they own, but Arab oil ministers there will have discussed the issue of prices on which they are divided.

Speculation last night was that Mr. Hernandez was holding secret meetings with key OPEC delegates somewhere in Europe, possibly Paris, in an attempt to assure a smooth agreement at the Caracas conference. Clearly, Venezuela, as host nation and founding father of OPEC, would prefer the 50th ministerial conference postponed until some time next year rather than risk a split like the one at Doha, Qatar, a year ago which resulted in a two-tier price structure for the first six months of 1977.

REFERENDUM IN THE PHILIPPINES

Marcos offers Hobson's choice

By Miguel Suarez in Manilla

RULING WITH powers from two constitutions, President Ferdinand Marcos of the Philippines is clearing the stage for parliamentary elections in mid-1978 that would give Asia's only Roman Catholic nation its first legislative assembly after more than five years of one-man rule.

As a prelude to the elections and against the backdrop of a resurgent Moslem rebellion in the Philippine south, the 60-year-old former army major is staging a national referendum on Saturday, December 17 to seek a fresh popular endorsement of his regime.

The referendum is the sixth since Mr. Marcos placed the country under martial law in September, 1972. If the past five, in which he collected more than 90 per cent. of the votes, are any gauge, then there is little doubt he would get the massive mandate he seeks.

His is the only name that appears on the referendum ballot, and a yes vote to the question—Do you vote that Ferdinand Marcos continue as President and Prime Minister after the interim assembly is organised?—would undeniably give him the political clout to dominate the elections to the 120-man assembly. It would also mean that, without having to go through the formality of an election himself, Mr. Marcos can stride into the assembly with his powers as President under the old 1935 American-style constitution and as Prime Minister under the parliamentary-type charter ratified in 1973 intact.

Should the no votes prevail on the other hand, Mr. Marcos says he would immediately lift martial law, resign from his office and run in his northern Philippine district for an assembly seat.

Several factors are in Mr. Marcos' favour. Firstly, five years of martial law seem to have provided the country with a political stability that proved so elusive when presidents were changed with every election.

Secondly, the economy, in near collapse before Mr. Marcos grabbed martial law powers, has shown enough resilience in recent years to draw rosy predictions from former United States Ambassador William Sullivan that the Philippines could be the scene of the next "economic miracle" in Asia.

Mr. Marcos also faces the electorate fresh with recent military successes against the decades-old Communist insurgency in the main island of Luzon, the Philippines' northern half.

With the capture last November of former university professor Jose Maria Sison, the 38-year-old pro-Peking chairman of the underground Communist Party of the Philippines, practically the entire leadership of the 26-man party Central Committee are now in military stockades.

Now the wind has dropped from the Communist sail, the only armed challenge seriously confronting the central government in Manila at present is the Moslem separatist rebellion in the Mindanao region waged by 20,000 guerillas of the Libyan-backed Moro National Liberation Front (MNLF).

Since its outbreak a month *after the proclamation of martial* law, the southern war has claimed the lives of between 30,000 and 50,000 civilians by Mr. Marcos' own estimate, not counting 20,000 combatants estimated killed and one million people displaced.

Through the referendum, Mr. Marcos also hopes to convince foreign critics that he enjoys solid support at home, specially in the face of the U.S. government's continuing display of concern over the human rights situation in its former colony.

Recently there was concern when the four-year-old trial of Mr. Marcos' arch political enemy Mr. Benigno Acquino came to a sudden end last November 25. The tribunal unexpectedly sentenced him to death following a prolonged refusal by Mr. Aquino to recognise the court's jurisdiction and put up his own defence. Mr. Aquino's co-accused, Mr. Buscayno and army defector Lt. Victor Corpuz, were also sentenced to death. But shortly after the U.S. government voiced its concern over the verdict, Mr. Marcos ordered the trial reopened.

Although martial law restrictions on free debate had been lifted in past referenda, as for this one, it is only during the current campaign that the opposition has received a moderate amount of attention from the government-licensed local Press which has run opposition criticisms of the government and of Mr. Marcos himself on their front pages. Apparently heartened, more and more opposition figures are coming out of their burrows to denounce martial law repressions and call the referendum a sham.

Reuter adds from Manilla: The supreme Court yesterday challenged martial law rule in the Philippines by calling for a halt to proceedings by a military tribunal which sentenced a former senator to death by firing squad. Ex-senator Beningno Aquino, the country's most prominent political detainee, looked on surprised as the chief Justice announced that the military tribunal had treated the Supreme Court with lack of respect.

Iranian general arrested on spying charges

By Andrew Whitley

It was confirmed yesterday that an Iranian major-general has been arrested on charges of spying for an unnamed foreign power. He has already been condemned to death by a military court in a secret hearing, write Andrew Whitley from Tehran.

The official party newspaper Rastakhiz says General Ahmad Moqarebi has appealed against the verdict, and the appeal has been set for this Sunday. Iran's Government is believed to be uncovering an abortive Left-wing plot to subvert the Government, informed diplomatic sources said.

Ethiopia executions

Deserters from the besieged city of Asmara say its Ethiopian defenders have carried out a wave of executions of officers and soldiers blamed for military defeat, reports Reuter from North of Asmara. Defectors and civilian refugees say the Eritrean capital, with a population of 200,000, is hard-pressed. There is no electricity, the water supply has stopped running, food, fuel and medicine are scarce and trees in the parks have been cut for firewood.

Pakistan arrests

Police arrested 14 leaders of deposed Prime Minister Zulfikar Ali Bhutto's Pakistan People's Party yesterday and were investigating 14 others, a Government spokesman said, reports UPI from Lahore. The 14 were arrested for allegedly violating a martial law ban on "objectionable" and provocative" political speeches.

Djibouti bomb

A grenade exploded in Djibouti last night in a night club crowded with French soldiers. First reports said at least one person was killed and about 30 wounded, Reuter reports.

Rhodesian peace talks adjourn until Tuesday

BY TONY HAWKINS SALISBURY, Dec. 15.

THE RHODESIAN constitutional talks were arjourned until next Tuesday following a session of more than two-and-a-half hours in which "further progress" was made according to an agreed communique.

The second vice-president of Bishop Muzorewa's United African National Council Mr. Ernest Bulle was in the chair.

The communique noted that all delegations had expressed "concern" at the breaching of the principle of "confidentiality," adding that all parties had agreed on the need to maintain this principle during the discussions.

This is an apparent reference to leaks from the talks concerning nationalist opposition to most of Mr. Ian Smith's demands for minority safeguards and especially a "one third blocking mechanism."

To-day's was the fifth session of the talks which started on December 2 and which have now lasted for nearly 12 hours in all —nine hours having taken place this week.

Rhodesian officials had let it be known earlier this week that they hoped to "wrap up" the discussions on "heads of agreement" by the end of this week.

But it seems clear—not surprisingly—that progress is both slower and more difficult than some officials had hoped.

Mr. Smith said in a South African interview to-day he hoped for "a major breakthrough" in the current settlement talks with black leaders within "a couple of months."

S. Africa sanctions move

BY OUR OWN CORRESPONDENT UNITED NATIONS, Dec. 15.

THE STAGE was set to-day for new efforts to apply further sanctions against South Africa through the Security Council, following the General Assembly's adoption last night of 14 resolutions on apartheid.

Seven members voted against a resolution that the Security Council urgently consider a mandatory economic embargo against South Africa.

Another fight against the Third World-Communist bloc appears, therefore, to be in prospect in the Council. Nigeria, a ringleader in the drive against South Africa, joins this 15-nation body next month and, coincidentally, will have the presidency in January.

Meanwhile in New York, two political scientists, Harvard University Law Professor Clyde Ferguson and William Cotter, president of the African-American Institute, have outlined steps the U.S. could take to accelerate South African power-sharing. They range from issuing a Presidential condemnation of bannings and detentions to economic actions like encouraging Iran, South Africa's principal oil supplier, to take part in an international oil embargo of the country.

Zia forms new 'political front'

BY OUR OWN CORRESPONDENT BANGLADESH, Dec. 15.

MAJ.-GEN. ZIAUR RAHMAN, Bangladesh President and chief martial law administrator, to-night announced the formation of what he described as "a political front" to fill the "political vacuum in the country."

In a radio and television address on the eve of victory day (Bangladesh became independent on December 16, 1971) President Ziaur said every citizen of the country was welcome to join the Front but he warned that those who were "more interested in self-agrandisement and quick wealth need not waste their time joining." The President briefly described the basic qualification for those who can join his new political Front, which he did not call a political party. Honest, hard working, nationalist patriots will, he said, unite under the banner of this Front.

The announcement came after nearly a month of hectic political negotiations between the President and leaders of the country's 18 legitimate parties.

ON OTHER PAGES

WORLD TRADE NEWS

JAPANESE TARIFF CUTS

Nine to seek additional measures

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT BRUSSELS, Dec. 1

JAPAN'S MINISTER for external economic relations, Mr. Nobuhiko Ushiba is expected to be told that his Government must take additional measures to open up its domestic market to European exports when he arrives here tomorrow for discussions with senior officials at the EEC Commission.

Mr. Ushiba was invited to Brussels by the Commission president, Mr. Roy Jenkins, who wants to impress on him that the Japanese Government must not neglect the trading interests of the EEC in its efforts to placate the United States.

The Commission is clearly pleased that Mr. Ushiba has agreed to fly here directly from Washington, albeit after some equivocation, and also appears relieved that the EEC will derive some tangible benefits from the tariff cuts which he presented to the Carter administration earlier this week.

On the basis of a preliminary examination, the Commission estimates that the tariff cuts will affect about 15 per cent., or $500m. worth, of EEC exports to Japan, compared with 5 per cent. of American exports.

The view here, however, is that the Japanese measures still do not go far enough to satisfy European needs and that considerably more will have to be done if Japan's surplus on its trade with the EEC, estimated at $5bn. this year, is to be reduced.

In particular, the Commission will seek assurances that Japan will act more rapidly to dismantle non tariff barriers affecting manufactured products like processed foods and pharmaceuticals which the EEC is keen to export in greater quantities.

Douglas Ramsey adds from Tokyo: Among the planned tariff cuts announced yesterday, are several concessions of special interest to European exporters, although in some cases the size of the cut is less than expected. Most of the items affected are industrial products, including cars on which Tokyo will eliminate the present 6.4 per cent. duty.

U.S. exporters will be the chief beneficiaries of tariff cuts on computers (from 13.5 per cent. to 10.5 per cent.), colour film (16 per cent. to 11 per cent.), aircraft (5 per cent. to 5 per cent.) and a modest expansion from 1,000 to 2,000 tons in the quota on beef, for use in hotels (most of which originates in the U.S.).

Bourbon whisky, now subject to a 28 per cent. duty, will face a somewhat lower tariff hurdle (24.5 per cent.). Similarly, British whisky exporters will get a boost from the reduction of the levy on imported whisky from Y392 per litre to Y343. The fixed levy on wine goes from Y320 per litre to Y280, and on brandy from Y520 to Y455.

British industry is highly competitive on several other major items included in the list. The tariff on incoming aero-engines goes from 12 to 9.5 per cent.; on computer peripheral equipment from 22.5 to 17.5; on numerically-controlled machine tools from 10.8 to 8; and on radar for aircraft from 12 to 9.5.

French exporters may earn less from the package, but Tokyo has offered tariff reductions on four items which figure prominently in French criticism of Japanese import barriers: wine, brandy, perfume (from 12 to 9.5 per cent.) and cigarette lighters (from a variable 16-20 to 12.5-15 per cent.).

THE EEC must be on its guard to see that Japan and the U.S. do not come to an agreement on trade problems bilaterally leaving out the Europeans, Mr. K. B. Andersen, Danish Foreign Minister, said in Copenhagen yesterday. Denmark takes over the Presidency of the EEC on January 1, for the second time.

Agricultural tariffs on 20 items will be cut by an average 15 per cent., compared with an average 31 per cent. on industrial goods. The eligible items do not include confectionery or other foods with a high sugar content, a concession which would have especially helped European exporters. The duty on herring roe goes from 15 per cent. to 12 per cent. and on shrimps from 5 per to 4 per cent.

The Ministry of Agric and Fisheries has anno that it will unilaterally some quotas and liberalis in January. Action on the re ing 27 items under quota re tion does not require approval. Nevertheless, Ministry is conceding no that will make a noticeable in the thick armour surro Japan's domestic beef and industry.

The fiscal 1977 quota orange and grapefruit juic be doubled from 1,000 t 2,000 tons, and the orange from 22,000 tons to 29,50 U.S. officials in Washingt understood to have ruled beef and citrus concessi wholly inadequate.

The Agriculture Minist also decided to liberalise imports of herring, crystal sugar, ham and bacon and seven items, and the Ministr International Trade and In (MITI) announced that lift controls on impo anthracite after Ja

Tokyo raises target for GNP

BY DOUGLAS RAMSEY TOKYO, De

THE JAPANESE Government is reacting with uncharacteristic speed to flesh out the package of import liberalisation measures which Washington politely termed "insufficient" in talks this week with Mr. Nobuhiko Ushiba, Japan's Minister for External Economic Relations.

At a restricted cabinet meeting to-day the Economic Planning Agency (EPA) director, Mr. Kiichi Miyazawa and Mr. Toshio Komoto, the Minister for International Trade and Industry, prevailed on other ministers to set a relatively high 7 per cent. target for GNP growth in 1978.

The Prime Minister, Mr. Takeo Fukuda, openly said for the first time that Tokyo will abandon its arbitrary ceiling on the proportion of public spending that can be covered by Government bond issues.

Until now, Mr. Fukuda has ruled out any major reflationary move on the grounds that it would force Government to finance a budget over 30 per cent. in deficit.

The Prime Minister, a fiscal conservative who is afraid of the inflationary impact of a higher budget deficit, admitted to-day that the 30 per cent. bottom line could not be observed in fiscal 1978 (starting next April) and that the Budget deficit, as a result, might go as high as 35 per cent. of spending.

In openly setting a 7 p growth target and dump 30 per cent. criterion for ment spending, the new Ja Cabinet has moved two im steps toward the major r ary package which Wa says is absolutely neces Japan's trade surplus is t substantially in 1978.

The U.S. and other co hope to boost their exp Japan in 1978, and Tokyo far offered a wide range tariff measures and tariff 318 imported items t improve access to the Ja market.

To-day's meeting of economic Ministers has stage for a full Cabinet on December 21.

ECGD plan to cut refinancing

BY MARGARET HUGHES

THE MAIN effects of the new arrangements for sterling financing of export credits are that the clearing banks will take a "substantially higher" proportion of export financing on their own books while at the same time opening up sterling buyer credit business to British registered foreign banks.

At present all the lending for fixed rate sterling export finance is provided by the clearing banks with the Government making up the difference between the fixed rate of interest and the market rate. The amount which the bank's net lending exceeds a predetermined percentage of their current account balances has also been refinanced by the Government. This cut off point has been gradually increased from 18 per cent. to a current level of over 21 per cent.

Under the new scheme this arrangement will cease. In future the banks will provide all the necessary financing for export credits up to and including five years. This means that they will only be refinanced for amounts due for repayment more than five years after commencement of the credit.

As a result virtually all supplier credits, which are only rarely arranged for periods of over five years, will be financed by the banks. In the case of buyer credits, where the term of the loan usually exceeds five *years, the banks will also carry* the first five years' financing on their books.

Only that amount which matures after five years will be refinanced. It is estimated that the new arrangements will reduce the burden on public expenditure by some £200m. to £300m. in 1978-79.

While the clearers' agreement to take on substantially more export financing is a major development in itself, of potentially more significance in the long-term is the Government's decision to allow all authorised banks which are incorporated as companies in the U.K. to both provide finance and lead lending syndicates.

The change opens up British sterling export credit business to foreign banks for the first time. This is an area which they have long been anxious to enter but which has hitherto been dominated by the clearers on the one hand—in terms of providing the finance—and the accepting houses in terms of arranging the finance. It is expected that the Co-op Bank will also begin to take on export credit business.

Competition

The clearers appear to be accepting increased competition from the foreign banks with equanimity, based presumably on their already established position in the business. The accepting houses however, are far from happy having anticipated this move ever since U.K.-registered foreign banks were allowed earlier this year to enter foreign currency buyer credit financing.

Their main fear is that the foreign banks will have the edge over them now through their ability both to provide finance and lead the lending syndicates.

The amount of sterling available to the foreign banks will obviously be limited by the size of their sterling deposit base but it is likely that they will also go into the market to raise sterling. The accepting houses, meanwhile, are hampered by the fact *that they have only limited* finance of their own available. But they are understood to be currently discussing with ECGD various schemes whereby they could raise money and on-lend without putting too much pressure on their balance sheet.

ECGD emphasises that the changes will not affect the terms on which exporters can provide medium- and long-term finance to overseas buyers, interest rates on which are now "broadly governed" by the Gentlemen's Agreement.

Indeed the commissions and fees charged by the banks for arranging the finance may well be lower. In the past the banks have charged a 1 per cent. commission, but in future commissions will be a matter for renegotiation between the banks and their customers. Given that export credit business will now be open to a much wider range of banks, terms should become more competitive.

Short term export finance raised through the banks will, however, be more costly for the exporter. As part of the package negotiated with the clearers, the banks will in future be able to charge a higher rate of interest. Currently this is ½ per cent. above base rate but it will be increased to a maximum of ¾ per cent. above base rate, some ¼ per cent. less than the banks had hoped for.

Short-term credit business accounts for the bulk of ECGD business—79.8 per cent. last year —where there is no refinancing and no interest rate subsidy. The increased interest rate which banks will now be able to charge should go some way towards offsetting the greater burden which they will be shouldering on medium- and long-term business. However, bank financing under ECGD guarantees last year accounted for only some £1.75bn of total ECGD short-term business of £9.4bn so the proportion affected is relatively small.

ECGD says that the new scheme will not affect its current policy of requiring buyer credits *in general* to be financed in foreign currency since the aim of this scheme also is to reduce public spending. But clearly the pressure to finance in foreign currency will become less as more sterling finance becomes available from both clearers and foreign banks.

What seems most likely is that the foreign currency scheme, which in practice has proved less unpopular with overseas buyers than was first anticipated, will become a permanent but not mandatory system. This would then give more flexibility between sterling and foreign currency financing with an overall increase in funds available for export finance.

Aid to win 'jumbo' contracts

BY LORNE BARLING

THE GOVERNMENT decision to go ahead with a scheme to assist British industry in winning "jumbo" contracts abroad comes after a long delay and a decline in the U.K. share of this valuable market, now dominated by Japanese, American and some European companies.

The strength of these competitors, often backed by banks or a strong domestic market in the case of the U.S., has made it clear for some time that U.K. companies need substantial support to accept the high risks involved in taking on projects worth upwards of £50m.

In the recent past, some British bids have been inflated beyond consideration by the need to build a safety margin into the overall figure, and contracts have been lost.

An obvious advantage of the new scheme is its flexibility, which will mean that bids by U.K. companies or consortia will be considered individually by ECGD on their merits. This should also encourage the best of the U.K. contractors to act in concert.

Equally significant, perhaps, is the creation of an informal U.K. "trade directorate" between the Department of Trade, ECGD and the newly reorganised Overseas Projects Board, to iron out any obstacles in the path of exporters.

In effect, this may provide the long-suggested "chosen instrument" to coordinate U.K. bids and help to avoid competitive tenders between U.K. groupings where this is considered undesirable. In theory, however, there is no reason why the new joint-and-several cover may not be granted to two bidders.

Initial fears by some sectors of industry about possible Government intervention have not been helped by the inclusion of the scheme under Section 2 of the Act (high risk and in the national interest), which is subject to sanctions under Government pay policy.

Although both Government and industry would have been happy to see a scheme provided by the commercial insurance market, a recent inquiry by Sir Henry Benson of the Bank of England, has shown that the risks were too great.

However, participation by the commercial market has not been ruled out. It will be encouraged to operate in the lower contract range and build up a base from which to raise its capability in the longer term, perhaps in co-operation with ECGD.

This would also assist in persuading Brussels that the scheme is for the provision of insurance, and is not a subsidy, as officials are at pains to point out.

Although the scheme is experimental in some ways, the Government believes that tender prices can be substantially reduced, and the level of premiums on such cover will be made on a one-off basis (calculated, among other factors, on the financial and technical strength of participating companies).

Requests for cover are not expected to be made in great numbers, initially at least, although the level of applications will be a guide to the desirability of the scheme. A similar cover for insolvency of a partner, introduced two years ago, has never been used.

Industry will clearly need time to assess the scheme as a whole. While its greatest advantage is seen as its flexibility, companies also foresee their activities coming under greater scrutiny, and not all of them welcome such a development.

U.S. delay steel prob

THE U.S. International Commission decided to de three weeks a decisi whether to order an im tion of steel imports Western Europe, writes Fleming in New York. Th mission has been looking imports and the quest whether they are being d in the U.S. since the s The ITC is an indep Government agency but it likely that one of the influencing the decision wi been the Carter Administ initiative on steel import under which it is propos a trigger price system sh established.

Dell in textile talk

Britain's textile industry is the Government to tak account a number of reser it has raised before de whether to support the pack restriction measures agre the EEC in talks with leadin seas suppliers, writes Rhys The industry has so far re only partial information o quota levels which have bee for sensitive products. A tation from the British T Confederation and the B Clothing Industry Council Europe which met with Edmund Dell, Trade Secr and Mr. Eric Varley, Ind Secretary, last night stressed, ever, that some areas for co had begun to emerge. In ticular the industry is a that in the highly sensitive yarn and cotton cloth field cessions made by the Eur Commission have taken it b its agreed mandate.

Hong Kong pact

The United States may revi textile imports from Hong now that the European Co Market has negotiated a tive new agreement wit colony, a leading trade off Hong Kong said, Reuter r The U.S., Hong Kong's textile customer, has a fi textile agreement with the which starts next January. Director Mr. David Jorda yesterday that no formal had been received from th Government, but added, possibility of further U.S. tations cannot be ruled out.

SAS Airbus

The Board of Scandinavia lines System (SAS) has pos a decision on the purchase Airbus 300 aircraft. The had been expected to app initial order for two to fo craft for use on its shor medium-haul routes and b air, its charter company, William Dullforce in Stock The European Airbus is stood to remain the front ner against McDonell Doug Boeing for the larger with which SAS wants to placing its DC-9s, but so the airline's evaluating need more time to complete work.

Telex order

L. M. Ericsson, the Swedish communications group, ha ceived a $5m. order fro Soviet Union for an interna Telex exchange to be bui Moscow, John Walker writes Stockholm.

Iran contracts

Saipem, the pipeline engineering subsidiary of Italian state oil group, ENI, won two contracts worth from the Iranian Authorities, Betts writes from Rome.

Satellite deal

Nippon Electric said it Y2.6bn. order from the Aus Transport Ministry for an station system for satellite communication, reports Reu

HOME NEWS

Leyland's £33m. research and test centre goes ahead

BY TERRY DODSWORTH

BRITISH LEYLAND is to build a £33.7m. technical centre for its Truck and Bus company.

Development of new technical facilities was strongly recommended in the Ryder report two-and-a-half years ago, when it was recognised that Leyland was lagging behind European competition in research and development.

As a result of the investment programme the company should emerge with an entirely new centre built on a green field site within one-and-a-half miles of its headquarters at the town of Leyland in Lancashire. This will have both a fully-equipped test track and sophisticated facilities for testing new engines and components.

The decision means that £100m. has now been allocated from the total £346m. expenditure planned in the 1975-82 period for the reconstruction of Truck and Bus.

At present the company is obliged to test its vehicles either on a small track built round the present buildings during the war, or on the Motor Industry Research Association facility at Nuneaton, Warwickshire.

Its test-bed equipment is equally out-of-date given the amount of development work which now has to be done to meet new Government-inspired requirements on noise and engine emissions.

Ready in 1980

At the same time, Leyland requires better facilities to push ahead with the development programme on new vehicles which has also been put in train during the last few months. The company is planning to modernise its entire range, starting with the heavier vehicles made at Leyland itself, and continuing with the light- and medium-weight lorries made at its Bathgate factory in Scotland.

Investments totalling £31m. at Leyland, and another £30m. at Bathgate and its sister factory in Glasgow, have already been announced. At Leyland the company is building a new assembly hall to push output of heavy vehicles up to about 20,000 units a year, and at Bathgate new capacity for both vehicles and engines is being put down.

The new technical centre will serve both the truck building divisions as well as the passenger vehicle operations.

Leyland said yesterday that the first phase of the centre, due to be completed in 1980 and costing £19m., will comprise a modern building housing advanced test rigs and laboratories, a vehicle workshop and a 3.9-mile test track.

The equipment is designed for research and development in cooling systems, brake tests, gearbox endurance, component durability, ride simulation and component vibration. A noise chamber is also included along with equipment for the development and testing of a sizeable fleet of prototype vehicles.

The test track will have facilities for brake and noise testing, water splash, hill starts, ride and handling evaluation and durability running.

This investment is designed to bring the company's facilities up to the standards which prevail in Western Europe at companies like Mercedes, Volvo and Fiat, all of which have modern test tracks and engineering centres.

Leyland's announcement follows the opening, earlier this week, of a new £250,000 engineering data centre at the company's car plant at Cowley, Oxford.

This computer-aided equipment assists engineers to design vehicles by drawing plans automatically and at much greater speed than can be achieved manually.

Profits rise hope for plain brands

IMPERIAL TOBACCO and *Gallaher are set to make substantial extra profits from plain cigarettes after the turn of the year, writes Stuart Alexander.*

Both have kept their prices unchanged on harmonisation with the EEC tax structure on cigarettes, a move which Mr. David Ennals, Health and Social Services Secretary, said in the Commons earlier this week was because the companies were influenced by health considerations.

The industry believes that by not reducing the prices, particularly of the standard-size plain brands such as Players Medium Navy Cut and Senior Service, the two companies could make an extra £16m. a year in profits.

Under the system from January 1, cigarettes will be taxed on a combination of a fixed amount per pack—whatever the size of cigarette—plus a percentage of the retail price. This has led to a telescoping of cigarette prices across a wide range of sizes.

The value of tobacco in the cigarette is now far less important than the cost of manufacture, packaging and distribution and for different sizes of plain cigarettes, the difference in the cost of the tobacco is very small.

Plain cigarettes still hold between 10 and 12 per cent. of the total market, which is about 130bn. a year in the U.K.

Although the extra profit on Park Drive will be small and that on Wills Woodbines even less, the larger varieties will pull in anything between 9p and 12p extra per packet. With Players Medium still selling nearly 150m. a month and Senior Service more than 100m. this represents a substantial increase in revenue.

TOP TEN SELLERS

March 1977 place in brackets.

Brand	Manufacturer
1 Players No. 6 (1)	Imperial
2 Benson & Hedges Special Filter (4)	Gallaher
3 Embassy Filter (2)	Imperial
4 Embassy Regal (3)	Imperial
5 Players No. 10 (7)	Imperial
6 Sovereign (6)	Gallaher
7 Rothmans King Size (10)	Carreras Rothmans
8 Park Drive (5)	Gallaher
9 Embassy No. 1 (—)	Imperial
10 John Player KS (9)	Imperial

Total ban on cigarette advertising rejected

BY STUART ALEXANDER

SMOKERS were again the main target when the Government announced its latest proposals yesterday on preventive medicine. Although the Government rejects recommendations by a Commons Select Committee for a total ban on cigarette advertising except at point of sale, a White Paper guardedly accepts the need for higher taxation, though not with increases on an annual basis, and wants a supplementary tax on higher tar brands.

In the case of alcohol it rejects the need for a health warning on the bottle, and feels that punitive taxation would do more harm than good in those families where there is a drink problem, while at the same time penalising the moderate overwhelming majority.

But it is looking into a code of practice for drinks advertising.

Introducing the White Paper, *Mr. David Ennals*, Secretary for Health and Social Security, described it as a "major document". The benefits from prevention would be substantial: a healthier life style for the individual; a reduction of the burden on the health services; and freeing of funds for more constructive purposes.

Prevention was "about good health" and not a cheap option. But "too often the message of health education is don't — don't smoke, don't drink too much, don't over-eat," he said. "Much too negative and restrictive, particularly just before Christmas."

He hinted that in January he would make another major speech

MR. ENNALS—
Reduction of burden

on smoking, highlighting the trend of those in better-off social classes to give up the habit, and reporting some progress for the Government plan to encourage more smoke-free areas in public places.

The White Paper favours more research into smoking, as resources permit, and Mr. Ennals said that more money would be made available to the Health Education Council to combat smoking. There would be more than £1m. extra in 1978-79.

siderable social and economic consequences.

"Tax increases raise the cost of smoking for those least able to afford it, and given their dependence on tobacco some smokers may forego necessities."

Mr. Ennals stressed that it was not possible to force those addicted to give up smoking, and any campaign to dissuade people from smoking would take a long time. He pointed to the swing to low tar cigarettes as a result of the Government's actions, and said that these accounted for 19 per cent. of sales, compared with 5 per cent. in 1972.

Recent research in the U.S. has shown that low-tar cigarettes have about 24 per cent. of the market. Experts predict that by the early 1980s they should have about 30 per cent.

The White Paper is not solely concerned with smoking and drinking.

Its reply to the report by the select committee headed by Mrs. Renee Short in April supports the continuing rise in the number of health visitors, establishment of more health centres, and greater screening facilities to catch certain diseases earlier.

It stresses the importance of exercise and adopting a balanced diet, but rejects the call for a campaign to urge people to reduce fat consumption and eat more vegetable-type poly-unsaturated fats.

After the introduction of the White Paper Mrs. Short described it as "disappointing."

Prevention and Health, Command No. 7047. Stationery Office, £1.60.

Beer may rise 1p a pint soon

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE BREWERS are expected to tell Mr. Roy Hattersley, the Prices Secretary, to-day that they must raise their prices by 1p early in the New Year, but might be prepared to hold prices after that for perhaps six months.

To-day's meeting is the first between the Brewers' Society and the Prices Secretary since the Price Commission published its report on the industry in the summer. The main purpose of the talks seems to be to establish whether there is any common ground between the two sides.

The signs are that the brewers may make some small gesture about future price restraint, but that they will not accept the need for fundamental changes in the industry's structure.

The Commission's report made no recommendation about prices, but was critical of both the tied house system and some brewers' local monopolies.

The brewers are expected to tell Mr. Hattersley that as a result of some of the biggest brewers swapping pubs, they have already reduced some local monopolies, and that this trend will probably continue.

They will say that any move to enforce changes would be *"detrimental to the consumer."*

They will defend the tied house system, saying that to change it would not be in the public interest.

The one issue on which some agreement seems likely is timing *of future price increases.*

The main brewers have not raised their prices for five months and share Mr. Hattersley's view that it is preferable to space out price increases as much as possible.

Given the go-ahead for the next round of price increases, they might, for example, give an undertaking that provided there was no unforeseen increase in costs they would hold prices down for, say, six months.

Such an undertaking in isolation seems unlikely to satisfy Mr. Hattersley, who appears to want action on the structural issues raised by the report.

Freight carriers criticise aid plans

By Ian Hargreaves, Transport Correspondent

THE National Freight Corporation warned yesterday that the financial reconstruction proposed by the Government might not prevent a recurrence of its troubles in which downturns in the economic cycle have plunged it into heavy losses.

Details of the reconstruction, published yesterday in a Transport Bill, show that the Government is prepared to pay between £40m. and £60m. to meet pensions provisions of NFC companies formerly in railway ownership; £15m. for investment in National Carriers, and £1.5m. a year to offset the cost of free rail travel entitlement for some NFC staff.

In addition, the Government has accepted the argument that the assets NFC acquired when it was created in 1968 were overvalued. The capital value is accordingly to be reduced from £153.1m. to £100m.—a move which will probably save the corporation about £5m. a year in interest payments.

Mr. William Rodgers, the Transport Secretary, said the measures were intended to put *the corporation "on a foundation from which it can prosper and grow."*

But the freight corporation, although accepting that the reconstruction was a significant help said the burden of servicing a remaining debt of £41m. related to unproductive assets would still mean the group's profitable companies earning "at an unrealistic rate in order to carry the rest."

This would hamper NFC from competing effectively with the private sector and would make it "vulnerable to a recurrence of the very problems which reconstruction was designed to overcome."

Problems

During the past year there has been a tussle between Sir Daniel Pettit, the NFC chairman, and Mr. Rodgers over the extent of the reconstruction.

In the event Mr. Rogers has proposed a tougher line than that recommended by some of his advisers and refused to make any allowance for problems within those NFC companies not inherited from British Rail.

The most difficult decisions have been over National Carriers, the former British Rail sundries division, which an independent accountant's report last year suggested had a chance of commercial survival given short-term aid. Mr. Rodgers has made it clear to the NFC that the support proposed in the Bill will *be the last such injection.*

The NFC lost £15.2m. last year, compared with £31m. in 1975, and is understood to have improved on this performance somewhat in the present year.

Noisy aircraft may be 'fined' by landing fee

BY DAVID FREUD, INDUSTRIAL STAFF

NOISY aircraft are likely to be penalised at British airports from 1979 onwards. The Civil Aviation Bill, published yesterday, allows airport authorities to structure charges in a way which discriminates in favour of quieter aircraft.

The Trade Secretary will have powers to direct authorities to fix charges in this way.

While the charges for noisier craft are not intended to force them out of the air, they will be big enough to have an effect on an airline's choice of replacements.

Charges made by airports for aircraft landings and take-offs are based on weight, number of passengers, time of day and in some places on whether the flight is international or local.

The new criterion of noise is likely to be based on the aircraft's noise certification figures. Quiet aircraft probably will receive a rebate; noisier ones will be surcharged.

The Bill also puts into effect the Government's stated intention of switching the cost of airport security from the taxpayer to the traveller.

From April 1 a levy of 80p per arriving passenger will be imposed at the 26 biggest airports in the country.

It will be up to airports to decide how to meet the cost of the levy, although it is expected that it will be passed on through increased landing charges and eventually reflected in the fares structure.

State pensions will use FT Actuaries indices

BY ERIC SHORT

THE Government is to use the FT-Actuaries yield calculations in ascertaining the terms under which company pension schemes can buy back into the new State scheme, planned to start in April. The relevant draft regulations were laid before Parliament yesterday by Mr. David Ennals, Secretary for Social Services.

Under the new State scheme, companies can contract out of the earnings-related part and provide this pension through a company scheme. But if at some future date the employer wishes to stop these arrangements and go back into the State scheme he could do so by paying the appropriate premium. Similar buy-back conditions relate to early leavers from the company scheme.

The regulations set out the proposed terms for calculating the buy-back premiums. The principle is that they reflect the cost of pensions to the company scheme under stock market conditions pertaining at the time of buy-back. The assumption is that the average pension scheme portfolio is split between 65 per cent. equities and 35 per cent. fixed-interest.

The equity part is to be represented by the dividend yield on the FT-A All Share index and the fixed-interest portion by the FT-A gross redemption yield for high coupon 25-year stocks *for employees' rights and the* high coupon 15-year yield for pensioners' payments.

* *State Scheme Premiums (Actuarial Tables) Regulations 1977.*

State control option call for onshore oil finds

BY KEVIN DONE

BRITISH NATIONAL OIL Corporation is to have an option to take a majority interest in onshore oil discoveries in future.

This is the central proposal in a set of terms and conditions for onshore oil production licences published by the Department of Energy in a consultative document yesterday.

Onshore oil production has been dwarfed in recent years by development of the far larger North Sea discoveries, but some 13 fields are producing oil in the East Midlands and Dorset. Last year production was about 100,000 tonnes.

This compares with an annual U.K. consumption of 90-95 tonnes of crude oil, and an expected *production from the North Sea* this year of some 38m. tonnes.

No new onshore production licences have been issued since 1972, but the Department of Energy expects to receive the first of a series of new applications early next year. There will be no formal licensing round as is the case with offshore exploration.

The Department document says that *Mr. Anthony Wedgwood Benn*, the Energy Secretary, will reserve the right to require State participation, through BNOC, in all new onshore production licences. But it recognises that because of the varied prospects of onshore finds, such participation will not always be sought.

In a preface to the document, for which the Department seeks comments by January 30, Dr. Dickson Mabon, the *Minister of State for Energy*, says that finds are unlikely to be on the scale of offshore discoveries. "However small, production from such fields would make its due contribution to the economy."

Some 17 operators have been carrying out seismic work and shallow drilling under exploration licences, and the Department expects some of these to ask for production licences in the New Year.

£400m. gas mains plan prepared

By Kevin Done

BRITISH GAS is finalising a £400m. programme for the replacement of part of the mains distribution system by 1984.

Regional programmes of work and training schedules are being drawn up for the project, which is to renew, eventually, about one tenth of the mains system.

Action to renew old mains was first recommended in the report of the inquiry into the series of four big gas explosions during *Christmas and New Year* 12 months ago. The explosions were at Bristol, Bradford, Beckenham in South London, and Brentford in West London.

Tribune claims denied

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A BANK of England secret document is published this morning by Tribune, the weekly magazine of the Labour Left-wing, which claims that "a grim picture" is shown of "this country's prospects of escaping from our self-inflicted slump."

Tribune claims that the document contains the "politically explosive message" that *"North Sea oil revenues may* be used for a massive increase in British investment abroad, while the economic brakes stay on at home."

The Bank of England stated last night: "The document to which Tribune appears to be referring is "a discussion paper prepared by staff economists some seven months ago.

"It is not a policy document and does not reflect the Bank's views; rather it examines a number of hypothetical projections for the economy for the next five years."

The claims by Tribune run counter to some specific Government policy commitments.

Foreign company controls eased

BY MICHAEL BLANDEN

THE EASING of exc controls on sterling b ing by companies in the controlled from abroa nonnced by the Chancell his October mini-b speech, is being put into by the Bank of England.

The regulations, issue day, mean that non-re controlled companies under permissions issue the Bank, be able to b sterling funds freely for U.K. business. The m designed as a further st encourage investment abroad.

It affects particularly panies outside the EEC the old overseas sterling which have already ha facility. It should the encourage companies fro U.S. and Japan, for ex to expand their U.K. tions.

The notice by the Bank takes the opportunity t up rules on borrowing o ing by non-resident co companies, and puts the of complying with the on the borrower rather the lender.

It puts into effect a t ing of the rules, intro in the 1977 Finance Act, stops a loophole that viously caused problems.

This involves issue of cial instruments, such acceptances, which previ escaped the restrictions lending to non-resident *trolled companies.*

In effect, the new rule vent raising of sterling by clean acceptances accepted by the ban other facilities where *sion would not be give* loans or overdrafts.

The main reason fo arose from concern ove use of sterling lending port third-country trade, *last year was a contrib* factor to the pressure on ing. The use of sterling third-country trade finance in any case been stopped

Mortgage rat "will be cut next month"

By Michael Cassell, Building Correspondent

THE MORTGAGE rate a fall again next month acc to the Alliance Building Britain's sixth largest.

Mr. Roy Cox, chief ge manager of the Alliance, sai London yesterday that the b ing societies were in a st enough position to contem further cuts in the investors borrowers' rates next mo Reductions would take p "unless something very m happens" before the next m ing of the Building Socie Association Council on Janu 13.

Mr. Cox suggested that the per cent. home loan rate co fall by as *much* as ½ per ce although a ¼ per cent. reduc seemed more likely. investors' rate might drop per cent.

Mr. Cox said he was not e ing easier lending in 19 bring about a repeat of the explosion in house prices. was now a surplus of housi the market, rather than a s age, as was the case five ago.

In the financial year end November, total assets of Alliance rose from £1bn £1.25bn. Mortgage advances to a new record of £251m.

● NEWS ANALYSIS—COAL

Fuel of the past moves into future

BY JOHN LLOYD

AS THE movement towards *acceptance of the National* Coal Board's productivity scheme gathers momentum, the question arises of what the Coal Board would do with any extra production of coal.

Output and productivity have fallen over the last three years, and so have imports. Market demand, it seems, has kept pace roughly with production.

The point has been reinforced in recent weeks by the news that *the steel industry—dominated* by the British Steel Corporation —is beginning to cut back its steel output.

The industry is the second largest user of coal but its *financial position, coupled* with the world-wide steel recession, means that the market it provides has tended to contract.

However, the short-run fall in the steel industry's use of coking coal is not typical. In all other sectors of the market which it serves, the Coal Board believes the immediate trend in demand can be turned upwards, or at least levelled out.

Its largest customer is the *Central Electricity Generating* Board, which, with the South of Scotland Electricity Board accounts for 85 per cent. of the Coal Board's output.

While it is true that the *Central Electricity* Board is in some ways an unwilling customer—it is keen to get ahead with an ordering programme for nuclear-fired power stations—it will not be able to move out of coal in the near future. Any nuclear station ordering must attend the outcome of the energy debate, which continues.

Light demand

For the moment, electricity demand is comparatively light, but if it were high, Central Electricity Board officials say, the coal stocks would be dangerously low. Privately, its management is considering whether or not it will have to order from abroad, probably Australia. The still-falling productivity figures do not re-assure them.

Besides the uncomfortable prospect of a shortfall in its largest market, the Board's salesmen are also finding themselves inhibited by the falling productivity figures in developing the *two markets in which they think* future growth is likely—industrial and domestic.

The Coal Board suffered heavily in the cheap oil years of the 1950s and 1960s. The market has shrunk from about 80m. tonnes in the early 1950s to about 15m. tonnes now.

However, the Board now has an opportunity to reverse that 25-year trend because many of the plants which switched to oil burners in the 1950s and early 1960s are seeing them come to the end of their life. The Coal Board is now sending its salesmen into these plants primed with hard-sell techniques for the *new range of coal-fired boilers.*

These are now price competitive, the Coal Board believes. They incorporate new methods of coal and ash handling, and have a much higher steam output than the old models.

Decision

Industrialists, faced with a decision to lay out a large capital investment, naturally ask: how long can the price of coal be *guaranteed* to be competitive?

Coal Board executives taken an optimistic view of their chances of getting a productivity agreement, *and of securing a moderate* pay settlement. But they concede that Mr. Arthur Scargill's effective leadership of the radicals in the National Union of Mineworkers contributes to hesitation and uncertainty on the part of their prospective customers.

The domestic market has seen an even greater decline than the industrial one—from nearly 40m. tonnes in the early 1950s to just over 10m. tonnes now.

Fashionable

The *Solid Fuel Advisory* Council—one of the Coal Board's marketing organisations—is out to stop the decline. It is mounting exhibitions to display solid fuel appliances and popularise the chimney.

At higher levels, the Solid Fuel Council is lobbying the Department of the Environment to direct public and private developers to ensure that all new houses have chimneys. It claims research shows that most people would prefer a house with a chimney, rather than one without.

The Coal Board believes it can persuade those people who *use coal, mainly or exclusively,* to stay with it. It also thinks that coal fires are now fashionable—coupled with a supplementary central heating system—and is doing what it ca *encourage the fashion*

There is a third mark exports—which is more spe tive than the other two. Ex from the U.K. are tiny. tonnes this year, mostly to EEC countries.

The international coal itself is very small, perhaps tonnes in Europe, but it is pected to grow to about tonnes in the next few. The Scandinavian countries *converting their power sta* to coal, and have few resou of their own.

Both Australia and S Africa can offer a cheaper duct—but the Coal Board a *that because it is much ne* it can be more flexible, can its coal into smaller ships so cut out one or two in mediate handling stages once (if) the steel indu picks up again in the e 1980s, exports might look go

Of such perspectives and hopes is the National Board's marketing strategy posed. Like most of the Boa projects, it looks a great better since the 1971 Plan Coal gave the industry a among equals place in country's energy policy. All lacks is the coal.

New from Datsun for 1978!

For 1978, Datsun have added several important new models to their best ...ling range of cars—exciting additions which give extra refinement in family ...toring with the all-new 1.4 litre and 1.6 litre Violet saloons and the Violet hatch-...k coupé; easy to use semi-automatic transmission with 1200cc engines in the ... Cherry saloons; and the introduction of a 1.6 litre version of the extremely ...pular Bluebird saloon.

They join the recently announced Laurel Six executive saloon to bring your choice of Datsuns to 35 quality built saloons, estate cars, hatchbacks, coupés and sports cars, all extremely well equipped in Datsun tradition and competitively priced to give you reliable, economical, value for money motoring in 1978.

Ask your dealer now for details of the complete range of Datsuns.

...EW! Violet Mark III

The new range of Violets offer you the comfort and ...ury of executive-style motoring in a lively compact ...mily car. There's a choice of engines in the saloon; ... litre and 1.6 litre, both with a world proven record for ...rformance, reliability and economy. The new Violets ...ve a larger interior than the models they replace, ...th more passenger space and comfort, 10% more ...ndow area with a lower waistline for extra visibility, ...maller turning circle with light and precise steering ...easy manoeuvring and parking, more powerful brakes ... even safer stopping, and a new 4-link coil suspension ...the rear to give you exceptionally smooth riding ...mfort with safe and predictable handling. ...ggage space has also been increased by no less than ...% to cater for family motoring needs.

The Violet saloons have all the equipment you ...uld expect from Datsun — tinted glass, push button ...dio, cloth upholstery with reclining front seats, ...w deep pile fitted carpets; a highly accurate quartz ...ck, two-speed wipers with intermittent and wash/wipe ...ility, lockable glove box, reversing lights, ...zard flashers, heated rear window, and many more ...tures for your extra comfort and safety.

...let SSS Coupé

And for the first time in this range, Datsun have introduced a hatchback version, the Violet SSS coupé which has a high-lift tailgate with removable rear shelf and fold-down rear seat to give you enormous carrying capacity. The hatchback has a twin carburettor version of the 1600cc engine and a five-speed gearbox for extra performance and driving pleasure. A rev counter is, of course, part of the comprehensive standard equipment.

The new Violets are an important addition to the Datsun range of family cars with prices that go from £2749 for the 1.4 litre saloon to £2819 for the 1600 saloon and £3140 for the hatchback coupé, all inclusive of Car Tax, VAT and seat belts.

NEW! Cherry Automatic Saloons

Two new additions to the top-selling range of Cherrys — superb easy-to-drive saloons with Datsun semi-automatic transmission and 1200cc engines. Gearbox operation is through a torque converter and there is no clutch pedal for the driver to worry about — the clutch is operated automatically when the selector lever is moved. There are three forward positions—Low, for starting off, Drive, for normal motoring, and a special Overdrive feature for relaxed high-speed cruising. The new semi-automatic Cherrys have the top Datsun specification for this range, including cloth upholstery, reclining front seats, tinted glass, reversing lights, heated rear window, hazard flashers, cigar lighter, etc. They are priced at £2292 for the 2 door saloon and £2381 for the 4 door saloon, inclusive of Car Tax, VAT and seat belts.

NEW! 160B Bluebird Mark II

Added to the top selling Bluebird Mark 2 range is a 1.6 litre version, powered by a 1595cc overhead camshaft engine, giving 81 bhp for extremely brisk performance, coupled with extra economy. The 160B Bluebird has all the luxury features of the already well established 1.8 litre saloon — fully independent suspension, power assisted dual-circuit brakes, luxurious interior with velvet style cloth upholstery and a full complement of equipment from two wave band push-button radio and tinted glass, to cigar lighter and electric clock. There is a bi-level heater with rear seat duct, illuminated ignition and steering lock, and convenient column mounted controls for lights, and wash/wipe system for the windscreen.

160B Bluebird MkII

The new Datsuns all have the quality and dependability that you get from the technology of Datsun, the world's fourth largest car manufacturer. Ask your dealer NOW for full details of the 1978 Datsuns.

More people choose Datsun - Datsun give you more choice

DATSUN U.K. LIMITED, DATSUN HOUSE, NEW ROAD, WORTHING, SUSSEX. TEL: WORTHING 68561. DATSUN

HOME NEWS

'Women humiliated by tax system'

BY LYNTON MACLAIN

THE TAX system has failed to keep up with changes in the role of women. At best it is humiliating and at worst discriminatory, the Equal Opportunities Commission says to-day.

The central problem is whether the family as a whole or the individual should be the basic tax unit, the commission's report says.

Personal taxation was the one major area of Government policy where progress had not been made since the Sex Discrimination Act of 1975. The area was outside the Act's formal provisions but there were clear grounds for change.

The system had evolved when paid work outside the home was the exception rather than the norm for married women. There was still a pervasive social assumption that women, married or single, were dependants—or would become so.

Yet in the 1972/73 tax year 5.9m. male taxpayers, out of the 12.9m. married men subject to tax had wives with jobs.

Among other causes of irritation was the Inland Revenue's insistence on conducting all correspondence about a wife's income with her husband. An outstanding example was the Inland Revenue form telling a married woman to ask her husband to complete it as if it were addressed to him.

Then, there was the demand that a wife declare all her income and interest on her savings to her husband. No similar demand was made on the husband.

Separate assessment overcame many of the problems, says the commission. That option should be given greater publicity until radical tax reforms were introduced.

Options the commission urges the Government to study are:

1—Abolition of the married man's allowance and treatment of husband and wife as single people, possibly accompanied by an increase in the single person's allowance or the introduction of a special allowance for spouse with home responsibilities;

2—Joint taxation of husband and wife with one single person's allowance to each to be claimed against either income;

3—Abolition of the married man's allowance and the wife's earned income allowance. Those could be replaced by a single personal allowance and either a cash payment to the partner with home responsibilities or an increase in the child benefit, or a combination of a tax allowance and a cash payment for those with home responsibilities.

Income Tax and Sex Discrimination; Equal Opportunities Commission, Overseas House, Quay Street, Manchester M3 3HN; free.

£25m. a year aid plan for inner city areas

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE Government yesterday published its proposal for a £25m.-a-year programme to encourage industry to expand in inner city areas.

The plans, contained in the Inner Urban Areas Bill, form a fundamental part of the Government's drive to regenerate the centres of many large cities.

Special financial aid amounting to over £350m. and directed specifically at inner urban areas has been announced this year, and the Government has said that it expects to spend £1bn. on urban redevelopment in the next decade.

Yesterday's Bill comes after the publication in June of a White Paper on inner cities which undertook that local authorities with serious inner area problems would be given enhanced powers to assist industry.

According to the Bill, any inner city area with "special social needs" may be eligible to become a designated area. As such, it will be given the power to make loans at commercial rates for land purchase and construction work of up to 90 per cent. of the value of the land and building involved, whether or not the authority owns the land.

In addition, designated authorities will have the power to establish Industrial Improvement Areas, where they may give grants and loans for environmental improvements or to convert buildings to provide new employment opportunities.

So far, 15 qualifying authorities have been named and are preparing inner area programmes.

In some circumstances, where a concerted effort to stimulate improvement is required, local authorities will be able to designate "special areas."

This added status will mean that authorities can give grants towards rents to help companies taking leases on privately owned property.

Chemicals investment call

BY KEVIN DONE, CHEMICALS CORRESPONDENT

INVESTMENT in high-value organic chemicals must be considerably increased over the next few years if the industry is to have any chance of balancing its trade by the early to mid-1980s.

Last year, the sector ran a deficit of about £40m., but over the next eight years it is hoping to double its sales in real terms. This is the target outlined by the specialised organics sector working party in a report which will be submitted in February to the National Economic Development Council as part of the Government's industrial strategy exercise.

The sector covers high value *organic chemicals, selling at* about £1 a kilo and more, and forms the link in the manufacturing chain between basic petrochemicals and the more refined downstream products such as pharmaceuticals and dyestuffs.

Industrial campaign wins more support

Financial Times Reporter

THE BRITISH Institute of Management's current campaign to improve industrial performance in the UK is being given increased backing.

The institute said yesterday its SPUR initiative—comprising a drive on Strategy, Performance and Utilisation of Resources—is being supported by six specialist organisations which, with the BIM, represent more than 140,000 professional people from a variety of disciplines.

A joint statement of initiative was signed by the seven organisations yesterday. Sir Derek Ezra, the institute's chairman, said the improvement of UK industrial performance and creation of greater wealth for all sectors of society was the most important issue facing the professional and management community.

Wealth could only come from successful industry which was effectively managed.

The other organisations are the Centre for Interfirm Comparison, the Computing Services Association, the Institute of Marketing, the Institute of Practitioners in Work Study Organisation and Methods, the Institute of Purchasing and Supply, and the Institute of Works Managers.

Three other organisations—the British Productivity Council, the Institute of Measurement and Control, and the Institution of Production Engineers—have expressed a wish to remain associated with the SPUR campaign, although they did not sign yesterday's joint statement. This is apparently mostly for constitutional reasons.

New loans plan for companies in aided areas

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

FURTHER assistance for small and medium-size companies in the development areas was announced yesterday when Mr. Alan Williams, Minister of State for Industry, unveiled a £20m. experimental scheme in conjunction with the European Investment Bank.

Companies will be able to go to the bank for loans of between £30,000 and £2.6m., which will be borrowed and repaid in sterling.

There will be no worries over foreign exchange fluctuations, because the loans will be made through a Government department which will provide a guarantee (for a charge) against exchange losses and where necessary, a commercial guarantee of repayment to the bank.

This new loan facility sets a precedent because it has been negotiated solely for the U.K. Other countries can borrow directly from the Investment Bank, but the 1972 Industry Act precludes this for British concerns.

Loans will be for seven years at a fixed rate of 7½ per cent., a highly advantageous level. The minimum amount available will be £30,000 and the bank will make loans for half the cost of fixed assets. It is not intended that the loans should be used for working capital.

The Government sees the arrangement as an important step towards providing a climate in which the private investor can approach the European Investment Bank for finance.

Although the scheme is being undertaken on an experimental basis in the first year the Government clearly hopes that it will succeed and be underwritten eventually on a longer basis.

There is no fixed term, fixed rate money available for small companies in the U.K. at the moment and nothing approaching the 7½ per cent. rate in any field.

No risk

The assisted areas include all Northern Ireland, Scotland, with the exception of Aberdeen, Wales with the exception of parts of the northern coast and around Newport, the northern region of England and Merseyside, Furness, Hull, Grimsby, Scarborough and Whitby.

The European Investment Bank was set up under the Treaty of Rome with the intention that it should pay special attention to the less developed areas. It was particularly instructed to pay attention to projects for modernising or developing manufacturing industry.

Mr. Williams said yesterday: "I am confident that with this scheme U.K. firms will be able to make greater use of the increased funds available.

"I appreciate that firms, though attracted by the loans, have felt unable to carry the financial risk involved in borrowing foreign currency.

"We have devised a scheme which will allow companies to borrow from the European Investment Bank without taking the exchange risk themselves."

Rail chief urges extra 14% on petrol tax

BY OUR TRANSPORT CORRESPONDENT

PETROL taxation should be restored to its January 1975 values, a change which would put almost 14p on a gallon, according to Mr. Peter Parker, the British Rail chairman.

Mr. Parker says in a interview with International Railway Journal to-day, that the case for higher petrol prices is justified on energy conservation grounds, but a restoration of tax levels would in the long term increase rail passenger mileage by 5-10 per cent.

He also calls for tougher Government action to make heavy lorries meet their costs to the community.

According to British Rail estimates lorries in the 32-ton group will receive a subsidy of about £60m. in the current year—equivalent to a grant of £3,750 for every such lorry covering 100,000 miles.

"We would like to see some progress in eliminating that subsidy—perhaps over the same timescale that the Government wants us to eliminate our freight deficit." The deficit has to be removed next year.

Mr. Parker also urges Government to examine closely the subsidy element in the provision of company cars.

He renews his call for more investment cash for British Rail. The business needs at least £50m. a year in addition to the present £275m., but even this higher level will be inadequate in the mid-1980s, when the railways will face renewals of equipment which have been delayed because of previous capital spending constraints.

Post Office plans £60m. exchanges for two cities

FINANCIAL TIMES REPORTER

TWO TELECOMMUNICATIONS projects, worth more than £60m., were announced yesterday by the Post Office. Both involve the installation of the new semi-electronic exchange—the TXE4—in Birmingham and Bristol.

The Birmingham project is an extension to the Midland area telephone exchange, costing £25m. The extension will house two TXE4 exchanges, replacing the old Strowger-type electro-mechanical equipment with an initial capacity of 19,000 lines.

The Bristol scheme is a new telecommunications network centre, costing £35m. The centre will increase the present 16,000 lines to 28,000 over the next 20 years.

The contract for the TXE4 exchanges has been placed with Standard Telephones and Cables, the U.K. subsidiary of ITT.

Bankers rebuked for share secrecy

SAMUEL MONTAGU & CO. (Nominees), was rebuked in the High Court yesterday for not assisting a Department of Trade investigation to discover the ownership of a block of shares in Ashbourne Investments, dealings in which had been barred by the department.

Mr. Justice Templeman said that the merchant bank as trustee had no duty to a beneficiary who was "skulking beyond the horizon" and frustrating a takeover bid for Ashbourne.

The judge gave leave to Ashbourne to transfer the anonymous shareholding, comprising 465,500 25p Ordinary shares with a bid value of £97,555, to Incentive Investments.

He directed that the purchase money paid by Incentive Investments should be "frozen" by Ashbourne while the identity of the shareholder remained unknown.

The two companies had asked the judge to lift restrictions placed on the shares by the Trade Secretary in 1975 during an investigation into the affairs of Ashbourne.

Refused

The judge's order will enable the take-over bid to go through. He said that the restricted shares were registered in the name of Montagu, as agent for Bank Julius Bar, a Swiss bank acting for a customer or customers.

Relying on Swiss law, the Swiss bank had declined to disclose the name of their customer without consent. That consent had been refused.

Incentive Investments had acquired all the Ashbourne shares except for the restricted block, which comprised 5 per cent. of the issued capital.

The judge said that unless the dilemma could be resolved Incentive Investments would continue to suffer a loss and the take-over bid would be frustrated.

Montagu, which had argued that the court had no power to lift the restriction, was ordered to pay the costs of the hearing.

Steel hit by oxygen strike

By Roy Hodson

STEEL production was hit by the British Oxygen strike of manual workers last month. Output during the month fell to 18 per cent. below November last year.

Steel production last month averaged 398,800 tonnes a week, compared with 488,500 tonnes a week in November 1976—the last month in which British Steel made a profit.

Both British Steel and the British Independent Steel Producers' Association now expect total output this year to be about 20,500,000 tonnes. Output last year was 22,273,600 tonnes by both the public and private steelmaking sectors. In 1975, it was 20,098,000 tonnes.

Production is reflecting a very low level of demand for steel products in both the home and export markets. British Steel and many private steelmakers will close production plants for two weeks over Christmas.

Car sales may go up 8% as pay rises faster than prices

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE expected improvement in average incomes next year should lead to an increase of about 8 per cent. in the U.K. car market to a little over 1.4m.

According to industry forecasts, a *significant proportion* of this increase will come in the first six months, when incomes are expected to be rising much faster than prices.

This will leave more disposable income in the hands of motorists, many of whom now need to change their cars after delaying repurchasing during the incomes squeeze of the last two years.

The question facing the industry is whether this expansion will mean an increase in car imports. Present forecast suggest that imports will fall by about 2 per cent. from their present level of 45 per cent., but this depends on the ability of domestic manufacturers to improve production.

The belief that import[s] decline is based on the which the three big nationals are planning to their cars in Britain next ye[ar].

Vauxhall, for example, been *importing* all of its C models from Belgium, but producing a U.K. version British-built 1300 cc engine.

Similarly, most of the Alpines, first supplied France, are now being ma[de in] the U.K., and if Ford's tion improves, now that mediate industrial problems have been sol[ved] will be able to reduce from its continental plants.

Against these trends set the fact that Leyland production is gradually transferred to Belgium where the car will be into the U.K. as an impo[rt] that some continental are planning to step up marketing efforts.

Index-linking urged for capital gains tax

FINANCIAL TIMES REPORTER

CAPITAL GAINS tax should be index-linked to compensate for inflation, according to the London Chamber of Commerce and Industry in a memorandum to the Inland Revenue. This was now a "matter of urgency," in view of the inequality of the tax during periods of inflation.

Presenting this view, the chamber rejected the main capital gains tax recommendation of the Inland Revenue which called for tapering relief. The Chamber believed that indexation is a more accurate system of relief. Unlike tapering, it was a system which was already widely understood by those concerned.

The chamber noted that "injustices" caused by high inflation had led to the indexing of personal reliefs for incom[e]. With indexing already the administration of an adjusted capital gains tax not be more burdensom[e] the present system.

The chamber pointed of the tapering system of the tax liability discriminate between inflationary element of and the true gain. The relief proposed by the Revenue in October that the gain from a should be reduced by cent. for each full year si[nce] asset was acquired.

The chamber said this accurate and more involve[d] indexation, which could easily be incorporated present capital gains structure.

Supplementary benefit 'rarely exceeds wages'

FINANCIAL TIMES REPORTER

FEW PEOPLE receive as much money in supplementary benefit as they would earn at work and when they do it is almost always because of the number of children they have to support, according to the Supplementary Benefits Commission.

This was one conclusion put forward by the commission in its evidence to the Royal Commission on the Distribution of Incomes and Wealth, published to-day with evidence fro[m] Department of Health and Security.

The commission survey[ed] employed men on supplem[entary] benefit. For 77 per cent. o[f] benefit came to less than cent. of their income wh[en at] work and for more than was less than 60 per cent. 12 per cent. had an inco[me] benefit which came to a 90 per cent. of their income.

London's foreign visitor[s] topped 9m. this year

MORE than 9m. overseas visitors came to London in 1977, compared with seven-and-a-half million last year. It was the second year in succession that foreign visitors outnumbered the capital's residents.

Figures yesterday from the British Tourist Authority showed that the average daily spending for each visitor was £18 during the summer, and £20 in the spring.

The survey shows that more than 40 per cent. of visitor[s] made trips to other pa[rts of] England, Scotland and Wal[es].

The survey is the fifth series of annual studies co[mmis]sioned jointly by the BTA London Tourist Board and London Transport Executiv[e to] obtain a detailed picture o[f the] characteristics of ove[rseas] visitors to London.

Americans, French and Germans were the main gr[oups] and accounted for a third o[f] overseas visitors last summe[r].

CHANCELLOR'S LETTER TO INTERNATIONAL MONETARY FUND

Healey stands by £8.6bn. borrowing ceilin[g]

THE GOVERNMENT has reiterated its commitment to the existing public sector borrowing requirement ceiling of £8.6bn. in 1978-79 in a letter to the International Monetary Fund from Mr. Denis Healey, the Chancellor, published yesterday.

Both this figure and the expected domestic credit expansion will be reviewed in consultation with the Fund in May.

Mr. Healey says:

In my letter of December 15, 1976, I described the programme adopted by the U.K. to strengthen the balance of payments over a three-year period, to create the conditions for a reduction in the high rates of inflation then prevailing, and to provide a basis for sustainable growth in output, employment, and living standards.

During the first year of our stabilisation programme the confidence of the financial markets has returned, the external payments position has strengthened markedly, and a decisive turn in the pace of inflation has been achieved.

2—The maintenance of the social contract with the *trade union movement*, which kept the growth of average earnings to 8 per cent. in the year ending July 1977, has been crucial to this success.

Retail prices

The moderation of pay settlements, together with an improvement in our terms of trade and the pursuit of firm financial policies, has led to a marked slowing down in the growth of retail prices.

The year-on-year rate of increase had already fallen from 17.7 per cent. in June to 14.1 per cent. in mid-October, and since the spring the underlying rate has been well below the annual rate.

This justifies the expectation that the annual increase will fall below 10 per cent. by the middle of 1978.

3—The successful application of the system of cash limits and the use of the contingency reserve as a means of keeping expenditure within the published plans have helped to establish firm control over public spending.

The ratio of public expenditure to national income has been reduced. Combined with buoyant revenues and a steady improvement of the finances of the public enterprise sector, this has helped to provide room for further tax reliefs, increased social benefits and assistance to the construction industry.

4—The return of confidence in sterling produced massive inflows of capital which have increased our foreign reserves to over \$20bn. by the end of November.

These inflows inevitably injected additional liquidity into the economy while exerting persistent upward pressure on the exchange rate.

Money supply

In presenting the 1977-78 Budget I stated the Government's intention of keeping Domestic Credit Expansion (DCE) in 1977-78 well within the limit of £7.7bn. set out in my letter of December 15, 1976 and of maintaining control of the growth of the money supply. The growth of sterling M3 in 1977-78 was forecast as being in the range 9-13 per cent.

In recent months, the inflow of overseas funds was reaching the stage at which it was putting the control of the money supply at risk.

The Government accordingly felt it necessary to change its intervention tactics in the exchange market in order to remove that risk and to maintain the counter-inflationary thrust of its monetary policies.

Following this change short-term interest rates adjusted to a level appropriate to my domestic monetary objectives.

The Government remains convinced of the need to provide a stable framework of financial policy on which to build an enduring recovery of the economy in the next year and beyond.

5—These major improvements in the economic situation during 1977 have not, as yet, been accompanied by a resumption of significant economic growth.

The fiscal measures announced in October 1977 were designed to strengthen the forces of recovery.

Provided earnings can be held within the Government's objectives, growth of about 3½ per cent. per annum should be attainable between the second half of 1977 and the second half of 1978 and should be consistent with achieving a significant current account surplus in both 1977-78 and 1978-79.

The benefits of North Sea oil will create the conditions in which it should be possible to maintain a surplus on the current account for a number of years.

6—The scope for stimulating the economy further will depend to an important extent on the competitive performance of British industry and on the movement of costs and prices.

Productivity

The industrial strategy is intended to achieve a marked improvement in the trading performance of British industry at home and overseas.

Measures to improve productivity, raise investment and encourage retraining are important and continuing aspects of Government policy, and they have the support of management and unions.

We have, however, to take account of past increases in domestic costs higher than those of most other industrial countries and of the recent appreciation of sterling.

Large improvements in performance cannot be achieved quickly and the burden of protecting the U.K.'s competitiveness and thus employment will continue to fall squarely on the containment of domestic costs.

We have therefore striven, in close consultation with the Trades Union Congress and the Confederation of British Industry, to contain the growth of average earnings within limits which will secure the deceleration of inflation to single figures by the middle of next year and thereafter progressively approach the price performance of our competitors in world markets.

Unemployment

This is the only way in which we can by our own efforts bring about a significant and sustained reduction in our present unacceptably high level of unemployment.

7—In its approach to the exchange rate, the Government will follow a flexible policy, with the objectives of avoiding disruptive fluctuations in the rate, maintaining monetary guidelines and preserving the competitive position of British industry.

In other policies which affect the exchange rate the Government will take account of these objectives.

8—The Government is determined to continue its firm control of public spending, and the counter-inflationary thrust of its monetary policies. It will maintain orderly conditions in financial markets.

These will require both control over the money supply and moderation in DCE.

DCE for the financial year so far has been well below the level which I originally envisaged: this has been associated with the substantial inflows of overseas funds.

This situation has ended with the change of exchange market tactics and I expect DCE to come back nearer to the levels envisaged earlier, and possibly to make up some of the earlier shortfall.

Nevertheless, I expect DCE in 1977-78 and the first quart[er of] 1978-79 together to be with[in the] total of £7.7bn. earlier env[isaged] for 1977-78 alone.

In addition, I expect the [public] sector borrowing requirem[ent in] 1978-79 not to exceed the of £8.6bn. referred to in graph 14 of my lette[r of] December 15, 1976.

I shall take account of considerations in whether the prospects fo[r the] economy, and particularl[y] wage settlements and make it possible for me a stimulus to the economy budget for 1978-79.

During next May on occasion of the normal VIII consultation I expe[ct to] review policies further w[ith the] fund for the *final period* standby, which expires January 2, 1979, unless the [Gov]ernment decides before tha[t] that continuation of the st[andby] is no longer necessary.

9—The Government reit[erates] its intentions expresse[d in] paragraph 24 of my lett[er of] December 15, 1976 and, in [par]ticular, its firm opposi[tion to] generalised restrictions on and does not intend to int[roduce] restrictions on imports balance of payments reason[s].

Selective

The Government has that it is prepared, in economic circumstances, to [con]sider the further use of porary selective measures particular industries whi[ch are] viable in the long term suffering serious injury *result of increased imports.*

It remains the Governm[ent's] intention to reduce such tive measures as exist as as circumstances permit.

10—The U K is determine[d to] make its fullest contribu[tion] to the expansion of world t[rade]. But its capacity to do so depend on how fast countries expand and on willingness to maintain markets and non-discrimin[atory] *trading arrangements.*

PARLIAMENT and POLITICS

UNION LEADERS' ROW

Tory skulking behind privilege—Callaghan

BY IVOR OWEN, PARLIAMENTARY STAFF

[A]N UNREPENTANT Mr. Stephen [Ha]stings (C., Mid Bedfordshire) [re]fused to apologise in the Com[mo]ns last night after being [acc]used by the Prime Minister [of] "skulking behind Parliamen[tar]y privilege" to cast unjustified [refl]ections on trade union [lea]ders.

[In h]is speech 24 hours earlier in [whi]ch he referred to claims by [Jos]eph Frolik, a Czech defector, [tha]t five prominent trade union [leade]rs had been the targets of a [recru]iting operation conducted [on] behalf of the Russian KGB [wa]s also condemned by Mr. [Mich]ael Foot, Leader of the [Com]mons, as a "smear."

[Bo]th the Prime Minister and [Mr.] Foot maintained that had Mr. [Has]tings and other Conservative [back]benchers, who supported [him,] been seriously concerned [abou]t the allegations made by [Frol]ik, they would have taken [the] matter up privately with [Mini]sters and not on the floor of [the] House.

[Mr.] Callaghan made it clear [that] all the allegations made by [Froli]k were investigated two or [three] years ago.

[Wha]t that had been happening [recen]tly, he explained, was that [Froli]k had been embroidering [what] he told when "de-briefed" [some] years ago as a means of [keepi]ng himself in the public [eye]. In the process, he had [tri]ed to attract some Press [atten]tion and "catch" one or two MPs.

[Ami]d cheers from some of his [Conser]vative colleagues, Mr. [Hastings] declared: "I make no [apology] whatsoever for raising [this m]atter."

[He] insisted: "The only way to [restore] public confidence is to [set up] an independent inquiry ... [I will] make all the material in [my ha]nds available to such an [inquiry]."

[Mr.] Callaghan replied: "I would not expect Mr. Hastings, knowing him, to make any apology. What I say is that if he has any information, as he now says, he should have done the proper thing and communicated it to me instead of going across the floor of the House in the way he did, skulking behind Parliamentary privilege to attack people outside."

At this point, Labour backbenchers called on Mrs. Margaret Thatcher, Opposition leader, to disown Mr. Hastings. But she remained in her seat and made no comment.

In subsequent exchanges, Mr. Francis Pym, shadow Leader of the House, accused Mr. Foot of "protesting too much" about the speech made by Mr. Hastings.

He said it was wrong for Mr. Foot to try to impugn the honour and intentions of Mr. Hastings.

Mr. Foot expressed surprise that Mr. Pym should have given his "shield or cover" to Mr. Hastings. He wondered whether Mr. Pym would have thought it proper to raise such matters, when the names of individuals were going to be mentioned in the way chosen by Mr. Hastings.

"I suggest Mr. Pym should think over the fair play involved in that, and sort that out before he questions me," he said.

Mr. Cranley Onslow (C. Woking) asserted that there was a conflict of evidence between Frolik and Sir Harold Wilson, the former Prime Minister, on whether John Stonehouse, the ex-Labour Minister now serving a prison sentence, "was or was not a Czech spy."

This was a matter which ought to be cleared up, he said, and the security commission should be asked to investigate Frolik's allegations.

Mr. Foot replied that if Conservative MPs had been serious in wishing to have an inquiry they would have raised the matter in a different way.

● In a joint statement later, Mr. Hastings and Mr. Peter Blaker (C., Blackpool S.) made it clear that they intend to pursue the Frolik allegations. They called for answers to two questions: Does the Government already have tape-recordings made by Frolik? Why is the Prime Minister unwilling to set up the independent inquiry requested?

Party broadcast defended

MR. CALLAGHAN told the Commons yesterday of his delight that the Labour Party's anti-National Front party political broadcast had "aroused such public interest—and some controversy as well."

It was as well attitudes should be out in the open. "We stand against racialism of any description, at any time and in any place," he declared.

Mr. Callaghan was replying to Mr. Andrew Faulds (Lab., Warley E.), who suggested that the Premier might visit Smethwick and "make a speech very roundly condemning the racist nonsense and Nazi nature of the National Front."

In separate exchanges, Mr. Leo Abse (Lab. Pontypool) suggested a change in the law to allow the public to know if National Front organisers had criminal records.

Mr. Merlyn Rees, Home Secretary, replied that he was looking at the possibility of changing the new Rehabilitation of Offenders Act, which forbid past convictions being made known.

Heseltine complains of unfair rate burden on shire counties

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THERE WERE sharp clashes in the Commons last night when Mr. Peter Shore, Environment Secretary, told MPs that he was not seeking to impose limits on rate increases made by individual local authorities next April.

Under pressure from the Tories, he said it was up to the local authorities themselves to decide the level of rates in the light of the value which they placed on their services.

Mr. Michael Heseltine, Opposition spokesman, protested that this was tantamount to the Secretary of State admitting that he did not care how much the rates went up and had no interest in the matter whatsoever.

"If I ever heard an admission of irresponsibility from the man responsible for local government, that would take a lot of beating," he declared.

When the new rate increases came in, he hoped the electors would bear in mind what Mr. Shore had said.

The exchanges came as the House debated the order approving the rate support grant for the coming year. The Conservatives bitterly complained that it "flagrantly" discriminated against the Home Counties.

Mr. Heseltine accused Mr. Shore of having electoral considerations and the political expediency of the Labour Party uppermost in his mind when he apportioned the grant.

He maintained that an unfair share, particularly the needs element, had gone to London at the expense of the shire counties. There had, he said, been great anger and resentment at what Mr. Shore had been doing over the past three years. During that period, he claimed, the needs element for London had gone up by 51.5 per cent.

At the same time, the needs element for the shire counties had fallen far behind. There had been a shortfall of £350m. a year in the amount which they should have received had they kept pace with the urban areas.

When population was taken into account, he saw even wider anomalies. In 1974, 62 per cent. of the population lived in the shire counties and received 62 per cent. of the needs element. To-day, the number living in the shires had increased but the needs element had dropped to 52 per cent.

"You cannot persuade anyone that that reflects a fair and independent assessment," said Mr. Heseltine.

The discrimination against individual counties was even more flagrant. In 1978-9, 14 of them would actually get less in cash terms than two years' ago, despite dramatic increases in costs and prices.

Cambridgeshire would be getting £3.4m. less than two years' ago, Essex £2.8m. less, Hertfordshire £3.5m., Oxfordshire £2.8m., Surrey £6.7m., and West Sussex £4.9m.

Mr. Heseltine said there was a general willingness to accept constraints when the system was fair. But ratepayers of these areas could see no justice when their share of the burden was so disproportionate.

According to the Tory spokesman, it was a case of "marginal constituency accountancy" and he added: "The suspicion is that there is, at least, as much politics as need in the adjustments that have been made."

For the Government, Mr. Shore declared: "I believe that local authorities will be able to maintain their standards of service in 1978-9 with rate rises on average in single figures.

"The great majority of authorities will be able, under this settlement, to maintain their standards of service without imposing unmanageable burdens on their ratepayers." He recognised that some might face problems but hoped they would resist the temptation to cut services.

There were angry Tory protests as he went on: "If authorities decide to make cuts the decision is entirely and solely theirs. There is nothing in this settlement and rate support grant order which requires them to do so. I believe it is a fair and sensible settlement."

He pointed out that the economic situation had now greatly improved. "Local authority expenditure is demonstrably under control. Excessive growth in local authority expenditure, which has been a serious burden in recent years, has been halted. Local government expenditure is well on target."

It would have been absurd, he said, to deny that areas facing the heaviest pressures needed more resources to cope.

Mr. Shore indicated that London's domestic rate bills were more than 50 per cent. higher than elsewhere. The average London domestic rate bill would be going up next year by the same cash amount as the national average.

Howe warns on false oil hopes

BY RUPERT CORNWELL, LOBBY STAFF

SIR GEOFFREY HOWE warned yesterday that politicians must avoid raising false expectations of the benefits that will accrue to the country from North Sea oil.

In a speech in London, the shadow Chancellor claimed that only in two years' time would the net foreign exchange cost of oil to the U.K. fall below the level of 1972, and on present assumptions, Britain's oil balance would be back in deficit within 15 years. The maximum Treasury revenue from oil, when production was at its highest, would be no more than £3.5bn. a year—less than the sum needed to reduce the real burden of personal taxation to what it was at the time of Lord Barber's last budget in 1973.

Sir Geoffrey spelt out to the British Electrical and Allied Manufacturers' Association the well-known Conservative policies on the economy: lower personal taxation to restore incentives, heavy emphasis on monetary control and cash limits, and less legislation to complicate the life of industry.

Since revenue from Britain's oil would, on its own, be insufficient to pay for the cuts in income tax that were desirable, higher expenditure taxes were probably necessary. "Pay as you spend is now widely recognised as a far healthier principle than pay as you earn," he argued.

"Income tax, originally designed for those who people the Forsythe Saga, now reaches deep into the pockets of Coronation Street. That is why relief from personal taxation must extend not just to managers, skilled workers and entrepreneurs—though they are of critical importance—but to every taxpaying family in the land."

Sir Geoffrey claimed the average Briton was now 9 per cent. worse off after tax than four years ago, while those with skills and responsibility had, in some cases, suffered three or four times as badly as that.

Liberals to meet on pact

By Philip Rawstorne

MR. DAVID STEEL'S leadership of the Liberal Party will be put to a vote of confidence at a special one-day Liberal Assembly on January 21.

Senior party officials decided yesterday to call the assembly to debate the future of the Lib-Lab pact despite the reluctant agreement by Liberal MPs to continue their support of the Government.

Mr. Steel's political strategy will be strongly challenged by party activists who believe that it is now seriously embarrassing the party and causing it electoral damage.

The Liberal leader has warned that if his policy were to be rejected, he would resign—a threat which, with a General Election approaching, may persuade the assembly to settle for the imposition of much tighter conditions on the agreement with the Government.

Several Liberal MPs only consented to the maintenance of the pact, after much dithering on Wednesday, in the sure anticipation that it would be abandoned sooner rather than later on a more popular electoral issue than proportional representation.

The Liberal Party's standing committee—the policy-making body whose 20 members are drawn from all sections of the party—is to meet next week to draft the resolution that will be debated at the assembly.

Japanese parts in gift clock

MPs WERE surprised to learn yesterday that the works of a clock which the Commons is presenting to the new Parliament of Papua New Guinea were made in Japan.

The matter was raised by Mr. Nicholas Fairbairn (C. Kinross and W. Perthshire) as the House approved the presentation. "Couldn't the Government have found a British firm or is it running a Japanese job creation scheme?" he asked.

[P]M urges caution [o]ver Grunwick

[THE C]OMMONS was warned by [the Pr]ime Minister yesterday to [avoid] embroiling the judiciary [in its] affairs.

[His] comments followed [Wedne]sday's ruling by the Law [Lords] against the Advisory Con[ciliatio]n and Abritration Service [recomm]endation that the clerical [union] APEX, should be recog[nised at] the Grunwick factory in [North L]ondon.

[After] the judgment, several [MPs ha]ve expressed concern [about it], and Mr. Michael Foot, [Leade]r of the House, agreed on [Wedne]sday that if the House of [Lords] —the highest judicial body [in th]e land—was right about the [law th]en perhaps the law should be looked at again.

Mr. Bruce Grocott (Lab., Lichfield and Tamworth) claimed yesterday that there was persistent evidence that the higher echelons of the judiciary were anti-Labour and anti-union.

"Until the judiciary comes less from a privileged and wealthy elite and is more representative of the public, this prejudice will continue," he added.

Mr. Callaghan replied: "I recommend that we should beware of trying to embroil the judiciary in our affairs with the corresponding caveat that the judiciary should be very careful about embroiling themselves in our affairs."

Rees firm on fire equipment

Financial Times Reporter

THE GOVERNMENT is standing firm over its refusal to allow troops to use the full range of fire-fighting equipment during the firemen's dispute.

Mr. Merlyn Rees, Home Secretary, said in the Commons yesterday that he was sticking to the advice of the Chief Inspector of Fire Brigades.

He told MPs: "I am not playing politics. From his advice playing about with modern equipment would be a foolish thing to do, and I am not prepared to depart from that professional advice."

Mr Rees was replying to Mr. David Howell, Conservative front-bench spokesman, who warned that if the strike continued over Christmas, it would be a particularly risky time for those involved in fire fighting duties

Mr. Howell insisted that those carrying out these duties should have access to the full equipment available for them to carry out their work.

[Se]rvices training criticised

[THE ARMED] FORCES have "rigidity" [and] in "unwillingness to break [down] deep-rooted single-Service [attitudes]" when linking up on joint [trainin]g projects, a Commons [Expen]diture Committee report [publishe]d yesterday.

[The De]fence and external affairs [sub-co]mmittee argued that the [Ministr]y of Defence should take [steps] "to determine precisely the scope for joint training by isolating those areas where single-Service considerations must prevail."

The report added: "Our fear is that joint training may not be getting as fair and objective a hearing as it should within the Ministry, even allowing for the fact that the scope for further rationalisation is limited."

[S]tate industry pay statement

[THE P]RIME MINISTER said in [a Com]mons written answer yes[terday]: "The Government has [given c]areful consideration to the [question] of the pay of [nationali]sed industry Board [chairme]n and members.

[The] recommendations of the [Review B]ody on top salaries for [salary] levels at January 1, 1975, [whi]ch the Government [defer]red as a decision in the wider [nationa]l interest, were for [increas]es of the order of 30 per [cent. on] average and considerably [more fo]r some individuals. Sub[stantial] absolute sums were [involve]d.

[Inevit]ably, therefore, the salaries of this group are at present out of line with their counterparts elsewhere, but, in deciding how far it can now go to correct this, the Government must have regard to the measures which are still being taken in the national interest to control inflation and which continue to demand very considerable restraint from all sections of the community.

"The Government therefore has to consider not only what scope there is within the current pay guidelines for the correction of the anomaly, but also how the absolute sums involved relate to what the community as a whole is being asked to bear.

"The Government has concluded that at the present time a general increase of 5 per cent., with effect from January 1, 1978, is the most that can be allowed but that up to 10 per cent. should be paid to the lower paid members of the group, tapered so as to ensure that the lower percentage applies at salaries above 13,000 year.

The Government recognises that this will still leave nationalised industry Board members behind their counterparts elsewhere. They will wish to look again at the situation when the Review Body on Top Salaries makes its next recommendations in April, 1978.

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The Property Market

BY CHRISTINE MOIR

Yield levels worry Erdman

A CAUTIOUS but busy period *is predicted for the property* world in 1978 by Edward Erdman in its annual property review, but the level of yields gives rise for concern.

Most spectacular feature of the revival is the increase in shop rents. According to Erdman this movement percolated right through to the secondary locations and "in terms of rental growth 1977 has been comparable to the boom years of 1972-73. There is clear evidence of increases in the region of 04 per cent. to 70 per cent."

Included in the report is a table of shop rents for the plum London locations which bear out these claims.

The most remarkable rise has been in South Molton Street, which connects Oxford Street and New Bond Street. Erdman put the reason down solely to pedestrianisation of the street two years ago since when it has blossomed as one of the country's top "up market" fashion shopping areas.

No wonder, then, as Erdman claim, shops are now the vogue for investors and yields on prime locations have dropped below those for comparable offices, to as low as 4½ per cent. At this level they are the lowest they have ever been since 1935, according to Allsop and Co. who have been keeping records since 1920.

Erdman sounds a note of distinct caution, about levels such as these. "Current yields are gambling on super growth which we do not expect," says the report, discussing industrial yields "Should the falling trend" (in shop yields) continue "abnormal growth will be required."

None the less Erdman expects yields to continue to harden, though if interest rates rise further during the year, as the firm expects, "the institutions may find they are able to invest at higher relative yields in equities or gilts." This would take some of the heat out of the market by the end of the year.

Erdman also reserves some criticism for the renewed willingness by banks to lend money to "inexperienced opportunists" for development. This can only lead, the firm says pointedly, to further collapses.

	Rental 1975 £	Rental 1977 £	Percentage Increase %
Oxford Street: East	40,000	60,000	50
West	50,000	90,000	80
Bond Street	25,000	35,000	40
Brompton Road	35,000	65,000	85
Regent Street	40,000	60,000	50
Kensington High Street	25,000	40,000	60
South Molton Street	7,000	30,000	330

Bonds reach peak

The Money Management Property Bond Index is now standing at an all time high. The figures, due to be released early next week, will show the index standing at 118.9. The closest it has ever been to this level was in January, 1974, just before the property crash took effect. *At that time the index* was at 117.2.

This time last year the index was just beginning to take a nose dive as the sharp rise in Minimum Lending Rate to 15 per cent. sent property values falling like a stone.

But the hiccup was short lived. By February the index was on the upward move again as MLR began its slide to 5 per cent. Over the year the Money Management index put on 14.7 per cent.

Top performing bond is the City of Westminster Farmland Fund which rose by 37 per cent. The Trident property bond also put on a handsome 24.5 per cent. and several other funds have increased by a comfortable 10 per cent. or more.

The Fleming Property Unit Trust, for instance, has risen by 17 per cent. this year and Hill Samuel's *property* bond is standing at its highest since the 1973 peak, having increased by 12 per cent.

Both these funds are also showing substantial increases in liquidity—a trend common to a number of other funds as well. Hill Samuel's liquidity in December is 21 per cent. compared with 16 per cent. three months ago.

Abbey Life, the giant in the industry, which held its 10th birthday party this week, reveals the same patterns. The unit offer price is at its highest level since launch in 1967, though in its case net withdrawals from the fund (£3.4m. *over the year*) and property purchases have reduced liquidity.

During the year Abbey spent £5.3m. on purchases compared with nearly £8m. in 1976, but revaluations have increased the value of the portfolio to £197m., an increase of 11 per cent. over the previous year.

Depreciation starts in 1979

FROM JANUARY 1 companies will have to follow strict new rules on depreciation of assets, but there will be a one-year reprieve *for property investment* companies.

The accounting standard in which the rules are embodied, SSAP 12, is to be published on December 29. In it special provision is made for accounting *for investment properties.* Until January, 1979, companies will be allowed to ignore the depreciation rules so far as investment properties are concerned, but from that date extraordinary items will have to take account of the useful life remaining in the properties, reflecting the difference between the historic cost and the current value after depreciation.

It is expected that the RICS will use the interval to produce a guidance note for valuers on the steps needed to comply with SSAP 12 which continues to arouse strong opposition amongst property men.

One of the points raised by valuers is that where properties have been valued on an "open market" valuation, the value must reflect the age, condition and remaining useful life of the buildings as an essential part of the equation. If a separate sum is then subtracted, according to the new accounting standards, for depreciation, there could be a sizeable element of double counting.

One suggestion is that the simplest solution would be to disclose and quantify the depreciation element of the "open market" value. Another is to redefine "open market" value as being "net of depreciation."

The problem arising from this course, however, is that some property owners could manipulate the theoretical difference between the "net" value and the hypothetical "gross" value (adding back depreciation) to artifi*cially bolster the values of their* portfolios. Under the present system where all values are net this is not possible.

Terry Kirk

The Royal Bank of Scotland is in the last stages of negotiations to buy this 37,600 sq.-ft. building, on the corner of Lombard Street and Nicholas Lane, from the Royal Insurance at a price thought to be around £7m. The Royal Bank, part of the National and Commercial Banking Group which also takes in Williams and Glyn, already owns the property directly behind the building in Nicholas Lane. The plan is to refurbish the front block and provide access through to the existing headquarters of the bank's overseas department behind. The project will take nearly four years to complete (Royal Insurance is not due to vacate the main part of the building until next spring) but the bank will then be able to consolidate all its City business in one 80,000-sq.-ft. building. This will in turn release on to the market at least two other City properties belonging to the bank at 3, Bishopsgate, and on the north side of Lombard Street at the corner of Birchin Lane.

IN BRIEF

● Farm prices, which have been racing ahead all year, have refused to go into recess at the end of the season. Cluttons, which values the farms in the Abbey Life portfolios, says that in the last two weeks yields on let farms have come down *a further half a point or so to* about 3½ per cent. net.

Rental increases have been running at around 11 per cent. per annum compound consistently in the latest rent reviews, a growth which matches current yields on gilts. So far there are no signs of a slowing down in rental growth, according to John Gordon, Abbey Life's investment director.

● Wednesday's shops and offices auction by Healey and Baker and Herring Son and Daw raised £1.7m. A total of 45 small shops and offices were offered from the Crusader Insurance portfolio as a result of a general tidying up. Twenty five went under the hammer for £780,000, a further 12 were sold immediately afterwards.

At the auction the 2,400 square feet freehold on the corner of St. James's Street (owned by private clients of H and B) was also sold after being withdrawn at £565,000. The property has planning permission for demolition.

● Vacant office space in the City of London has fallen below 3m. square feet for the first time since the half year to June 1975, according to the latest floor space survey from Richard Saunders. During November, some 373,737 square feet of space was let but a third of this was absorbed in two transactions. In fact the total number of units let was five fewer than in October.

INDUSTRIAL AND BUSINESS PROPERTY

LABOUR NEWS

Miners' leaders lose their plea on bonus plans

BY PAULINE CLARK, LABOUR STAFF

MINERS' leaders from Yorkshire, Kent and South Wales were considering last night whether to pursue legal action against local incentive schemes in the coal industry after their application for a temporary injunction failed yesterday in the High Court.

The area leaders had applied for a temporary order, to stop implementation of local productivity deals, against Mr. Joe Gormley, general secretary of the National Union of Mineworkers, Mr. Lawrence Daly, president, the miners' union executive and the South Derbyshire region of the union where an incentive scheme is well advanced.

After a private hearing, Mr. Justice Jupp dismissed the application and ordered a full hearing of the case in open court on Tuesday.

Yorkshire, Kent and South Wales were among the areas where the highest votes were registered against a proposed national productivity scheme narrowly thrown out in a national ballot in October. They have registered strong opposition since to the decision of the union's national executive to allow area schemes.

The full force of opposition from Yorkshire, one of the National Coal Board's biggest areas of output, will not be known until Monday when a delegate conference is planned to decide whether industrial action should be taken against incentive schemes.

A division between miners — largely in high output collieries —who are in favour of productivity deals against those who prefer to press ahead with their £135-a-week pay claim has emerged in Yorkshire where half-a-dozen out of 66 collieries have applied to operate incentive schemes.

In Scotland, Solsgirth miners still were on strike yesterday in protest over the interpretation by Mr. Mick McGahey, area leader, of a delegate conference vote in favour of industrial action.

Incentive schemes are at an advanced stage in south Derbyshire, the Midlands, Nottinghamshire and Leicestershire where it is believed about 60,000 miners stand to benefit soon from extra output achieved in expectation of a productivity bonus.

Union leaders, notably Mr. Arthur Scargill in Yorkshire, have been campaigning against such schemes fearing that they will weaken the strength of the union.

Mr. Scargill said last night: "Although the judge has made no decision on the matter, we would have thought that the case presented was sufficiently strong to have warranted the granting of an immediate injunction."

Postal unions split on Carter report

BY JOHN LLOYD

THE deep division between the major unions in the Post Office over its future organisation is highlighted in the response of the unions to the report of the P.O. Review Committee (Carter Committee).

The two largest unions—the Union of P.O. Workers and the P.O. Engineering Union—take opposing views on the Carter Committee's recommendation that the corporation should be split into two autonomous businesses, one for posts and one for telecommunications.

The UPW, describing the main recommendations of the Carter report as "an unhappy and unworkable compromise," says: "The Post Office cannot be divided without running grave risks with the future of message-carrying in our country. A national policy can emerge only from a single industry and one Board."

In contrast, Mr. Brian Stanley, the engineers' general secretary, writes: "The postal and telecommunications businesses are separate and distinct. The existence of a central Board inhibits effective decision making."

Both unions agree, however, that the Council on Post Office and Telecommunications Affairs, envisaged by the Carter report as a body advising the Secretary of State for Industry on the performance of the two businesses, is misconceived.

The UPW says: "If implemented, the 'Council' proposal would inject another layer into the administration of our industry. It would suffocate management enterprise and be a ready excuse for those who want to avoid decision taking."

Support for the UPW line on the split comes from the Society of Civil and Public Servants, which organises senior management. Describing the case for split as "flimsy and highly theoretical," it says that the problems of over-centralisation, which the split is meant to obviate, "could quite conceivably be brought about by the change in the Post Office chairman."

All unions accept the recommendation—considered by the Carter Committee as at least as important as the proposals on the split—that the corporation should give greater attention to pricing policy, and to its customers.

Rubber workers opt for local bargaining

BY OUR LABOUR STAFF

UNION negotiators for 48,000 workers in the rubber industry yesterday terminated their national joint council which has been responsible for national pay agreements for 36 years.

After their withdrawal recently from national pay talks in Dunlop, the latest move means that pay increases this year throughout the rubber industry for the first time will be conducted wholly at local level.

Negotiators in the Transport and General Workers' Union, the General and Municipal Workers' Union and the Shopworkers' Union withdrew formally from national negotiations in favour of local bargaining after claiming they were making no progress on a pay claim outside the Government's 10 per cent. guidelines.

Their withdrawal follows a similar refusal last week to continue pay talks at national level in Dunlop.

College lecturers want 20% salary increase

BY NICK GARNETT, LABOUR STAFF

COLLEGE lecturers are preparing to submit a pay claim of just under 20 per cent., partly in an attempt to restore some of the "real value" of teachers' salaries established following the Houghton Committee report in 1974.

The National Association of Teachers in Further and Higher Education, which represents 70,000 lecturers, says the claim is designed to compensate for the rise in the cost of living—estimated at 10 per cent.—for the year up to next April when their settlement is due, as well as recouping some of the lost ground from April 1975, to the tune of about 9.5 per cent. on salaries.

Christmas power strike demanded

By Alan Pike, Labour Correspondent

UNOFFICIAL power workers' leaders who caused blackouts with a work-to-rule last month will meet to-morrow to consider a demand for further industrial action during Christmas.

Men from South Wales are to demand strike action from Christmas Eve until New Year's Day in a continuing dispute with the Central Electricity Generating Board over a claim for payment during the work-to-rule period.

There is likely to be resistance from some shop stewards to a strike during Christmas since demand for electricity is low and it would have limited effect.

It would, however, compel senior power engineers — members of the Engineers and Managers Association — who took over manual jobs during the dispute to do so again.

Mr. Mick Barwick, secretary of the unofficial committee, said that there was "some bitterness" over the way the engineers had acted. He did not know what support the strike call would get from the shop stewards' committee, but there was a lot of bad feeling.

Of possibly greater long-term importance is that the shop stewards will also consider forming a new Power Workers' Association while retaining membership of their existing unions.

Discontent with the representation provided by the four unions to which manual power workers belong—the Electrical and Plumbing Trades Union, the Transport and General Workers, the Amalgamated Union of Engineering Workers and the Transport and General Workers' Union—was a factor in last month's dispute.

Pay deal rejected

THE GOVERNMENT has turned down a pay deal for 10,000 workers in the West Yorkshire wool textile industry because it breaches the 10 per cent. guidelines.

Union and employers' representatives met Mr. Harold Walker, Employment Minister, on Wednesday to discuss a formula they had reached on the claim, but he told them it exceeded the guidelines.

Mr. Joe Kitchen, regional officer of the General and Municipal Workers' Union, said yesterday that his union would hold more talks in Bradford with employers to try to reach a satisfactory solution acceptable to the Government.

The claim, by woolcombing workers, warehousemen, drivers, overlookers, technicians and clerical workers, was for a substantial pay rise.

Newspaper back after 4 months

THE EVENING DESPATCH returned to Darlington's newsstands for the first time in four months yesterday, but union leaders of the journalists whose dispute has affected all North of England Newspapers publications said that the battle for a closed shop would continue.

On indications that the striking journalists in Darlington might consider a return to work without achieving a closed shop immediately Mr. Ken Ashton, National Union of Journalists general secretary, said that they were taking a "realistic" view.

The management should now "substantiate" its view that the journalists do not need a closed shop in collective bargaining by proposing "reasonable terms for a return to work."

TV shutdown will continue

By Our Labour Staff

BBC television's early shutdown is to continue after talks aimed at ending an overtime dispute between the corporation and engineers were adjourned yesterday.

The dispute affects 450 members of the Association of Broadcasting Staff, and has led to BBC television's closing down at 11.45 each night.

Unions seek more child care

BY OUR LABOUR STAFF

A MORE intense campaign to persuade the Government to introduce a unified care and education service for young children is to be considered in the New Year at a special trades unionists' conference.

Mr. Norman Willis, deputy general secretary of the TUC, announcing the conference yesterday, underlined the now urgent need to provide adequate child care facilities for a growing number of working mothers.

In arguing the case for a comprehensive and properly planned service under public control, he emphasised the importance of backing legislation which protects pregnant women against dismissal from their jobs but which gives them no practical help in returning to work after their children are born.

Plans for a special trade union conference on the problem have been prompted by the publication of the report of a TUC working party set up in August last year to take a detailed look at provision for care of children under five and to make recommendations on improving services.

Pointing to the lack of evidence to support fears that young children necessarily suffer if their mothers go to work, the working party's chief recommendation is for a nationwide system to be set up making it mandatory for local authorities to provide pre-school services.

TUC members say that this would not only help working parents but safeguard children from the known dangers of unregistered private child-minding.

Its report also emphasises the need for provision for under-fives to unify both educational and "care" services and suggests that a Ministry for children or for the family might usefully be set up to co-ordinate such services.

On existing services, the report says that "both our very young children and their parents are being grossly and inexcusably exploited."

The extent of the need to improve provision was illustrated by 1975 figures which showed that only 26,000 places in local authority day nurseries were available while a further 12,600 children regarded as social priority cases were on the waiting list.

The Under-Fives: Report of a TUC working party; 50p.

Tackling long-term snags in incomes policy

BY DOUGLAS JAY

SOME COMMON sense is at last beginning to creep into the debate on incomes policy. The Prime Minister confessed on December 1 that "as for free collective bargaining, I ceased to worship that ten years ago," and added that "there must be continuing discussion about ways and means of improving the system." Mr. David Basnett of the General and Municipal Workers Union has been bolder, and suggested that for the public sector a new TUC Public Services Committee should be set up, together with "permanent review bodies to replace one-off emergency inquiries."

It took 1974 and 1975 to convince the country that "free collective bargaining," or more accurately laissez-faire in collective bargaining, leads in the conditions of the 1970s to price inflation beyond what the public will tolerate. It has taken 1977 to demonstrate again that a single rigid increase for everyone is unworkable, because it soon distorts relativities too drastically.

Do we now have to go round the whole circle again? Or is there a chance that in 1978 a general understanding will be achieved that (1) you cannot have full employment without an incomes policy: and (2) you cannot have an incomes policy without some independent referee to decide who gets more or less than the norm? For if such a policy is to succeed, it must do two things; first, keep down the average pay increase to somewhere near the real growth in the economy; and secondly, allow the relativities to move in the way that supply and demand for manpower require.

All this merely follows from the fact that if money incomes rise faster than the supply of goods and services available, prices must go up. If laissez-faire collective bargaining did not provoke a pay inflation exceeding this limit, there would be no problem. In the 1940s and the 1950s it scarcely did, probably because the trade unions had not yet realised the power which full employment gave them. But in the 1970s, throughout the industrial world and not just in the U.K., pay rises, partly but not wholly provoked by the oil price explosion, began to greatly exceed the possible real economic growth.

In these new circumstances there are three practical courses open to the managers of an industrial economy. First, they can hold down the quantity of money so tightly that most employers cannot grant major pay increases at all. It is no good denying that this would lead inexorably nowadays to prolonged depression, unemployment, strikes and stagnation which would be a national disaster for the U.K. Or secondly, they can combine laissez-faire collective bargaining with the creation of enough money to finance full employment at ever-rising pay rates. This would certainly in a few years generate an accelerating price inflation, with before long an inevitable decision by the Government to call a violent halt, and protracted unemployment and recession to follow.

Or there is the third course; to introduce by agreement an overall incomes policy, backed by an independent last-resort referee—a "review body" if you like—and to permit a monetary expansion sufficient, but no more than sufficient, to maintain full employment and moderately rising pay rates (which would normally not exceed 5 per cent. a year). There is no reason why on these conditions full employment should not be just as possible as in 1945-50.

Such a long-term policy will require two types of decision. The first, determining the annual average possible, must be agreed between national representatives of employers and employees (as has been done in Sweden for years past), and probably the Government as well. The second, the allocation of possible rises in incomes between competing groups, cannot be effectively handled either by the Government or by Parliament. Recent debates in the Commons on the pay of the police, and the firemen especially, have shown yet again that decision by political argument on competing claims is nearly as unworkable as if Parliament were to try to take over the job of the Courts.

> "Recent debates in the Commons on the pay of the police, and the firemen especially, have shown yet again that decision by political argument on competing claims is nearly as unworkable as if Parliament were to try to take over the job of the Courts. Give this task to Ministers or to Parliament and they will attract heavy political pressure from each group in turn, will usually give way to this pressure, and before long land the country back in accelerating price inflation and party controversy."

Give this task to Ministers or to Parliament and they will attract heavy political pressure from each group in turn, will usually give way to this pressure, and before long land the country back in accelerating price inflation and party controversy. It is indeed just to escape this blind alley that the present Government, having no independent referee, has been forced to stick grimly to the clumsy rigidity of the 10 per cent. Nor is it any solution to set up a series of special inquiries, as with the police, because each special inquiry will become an advocate for its own group: nor even a tribunal for the public services only. This would very soon b[e] swamped by protests that pa[y] in the public sector was [con]trolled and in the pr[ivate] sector was not.

If therefore we are to [get] away from the present absur[d] [system] of settlement by chronic st[rikes] and political controversy, we [are] forced back, it seems to m[e, in] the light of the last 10 y[ears'] experience, to the conc[lusion] that an independent [review] body or tribunal without [statu]tory powers is the only [work]able long-term solution. [The] tribunal should naturally [handle] only last-resort major di[sputes] not soluble by normal ne[gotia]tion. But it must have p[ower] to give rulings as well as [find] facts. Progress towards th[is] in the last few years bee[n held] back partly by the mis[taken] belief that such a tribunal [must] have statutory powers. [This is] not practicable in the U[.K. at] the present time; and [it is] certainly in the absence o[f] powers a recalcitrant grou[p may] in extreme cases def[y the] tribunal's ruling, experien[ce] happily shows that sta[tutory] powers cannot prevent defiance either. What a [volun]tary system can do is to m[obilise] the greatest possible [public] authority behind an imp[artial] award.

The other objections [usually] raised to this sort of so[lution] have now worn very thin. [Some] still maintain that the [experi]ment of a national pay tr[ibunal] has been tried and failed. [But] in fact the record proves the opposite. The Prices [and] Incomes Board of 1965-71 achieved growing authority [and] success when it was so un[wisely] disbanded in 1971; and the [1971-]1974 system of the Indus[trial] Relations Act under Mr. [Heath] suffered from its fatal ass[ocia]tion with the powers of [em]ployers to take strikers to [court]. Secondly, we are told [the] TUC and unions generally [are] not willing to accept an[y such] system. But if the obst[acle to] the best long-term solution [of a] major national problem [is] simply that some people a[re not] yet convinced of its nece[ssity,] the remedy is to convince t[hem] and not to give up the pro[blem] as hopeless.

And in 1978 in this cou[ntry] the only practical alternat[ives] are either an unworkably r[igid] Stage 4 of pay policy, o[r a] renewed inflationary spiral [dis]guised as a dash for freedo[m.]

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Controlling the flow of current

TESTS carried out at KEMA in the Netherlands have shown that recent developments at ASEA's Ludvika high current laboratories, to improve the performance of circuit breakers so that it will now be possible to use fewer of these for comparable duties, have been successful.

The machines are pressurised minimum types operating in the range 120 to 420 kV and they have sealed, permanently pressurised extinguishing chambers so that the arcs formed on breaking do not oxidise the oil and that pick-up of moisture is prevented.

Following the improvements, breaking current has been raised to 63 kA from 50 kA and a new, ... breaking unit for 25 to ... kA for 145/170 kV.

Solid core insulation to earth and direct mechanical operation of the breaker contacts are retained. Intervals between replacement of the contacts and the oil are extended and ASEA says that in normal service conditions only one overhaul in ten years would be required.

In the meantime, ASEA has taken a licence from Japan's Matsushita company for the manufacture in Sweden and sale everywhere except Japan of the ZNR surge arresters for power distribution and power station applications using Matsushita patents and know-how.

Where in conventional resistors current rises in linear proportion to the increase in applied voltage, with the ZNR, current is suppressed up to a predetermined voltage, after which level the current starts to flow.

The units based on this design, made of fine zinc oxide powder with certain additives, sintered at high temperature, have been used in colour TV's, microwave ovens and other appliances. Now, however, their application has extended into the heavy current areas such as lightning arresters on power distribution lines.

Further from ASEA, Villiers House, 41 Strand, London WC2N 5JX. 01 930 5411.

Practical wind power

THE Australian-designed Davey Dynalite two kilowatt wind generator is to be made available in this country by Pye Telecommunications. Over 100 of the machines have now been installed in many parts of the world to power telecommunications equipment, navigational aids and domestic premises.

A variable-pitch propeller drives an alternator with built-in bridge rectifier through a gearbox. The customary tail-fin maintains the correct heading into the wind. The complete assembly pivots on a turntable on a fixed base, with electrical transmissions to the latter via slip rings.

The generator delivers power at a wind speed of 4.5 metres/sec. (10 mph) and reaches full output at 11 m/sec. (25 mph). Speed is governed by weights on the propeller assembly which operate centrifugally to fether the blades at higher speeds. The 4 metre (13 foot) diameter three-bladed propeller can withstand windspeeds up to 36 m/sec. (80 mph).

The company advises use in conjunction with batteries with ac, if needed produced from an inverter. More on Cambridge 61222.

● CONFERENCES

Control of toxic substances

UNDER IMPENDING legislation, chemical companies will have to given official notification of toxic properties of all new substances to be used in their factories.

Oyez-IBC has seized the opportunity to set up a one-day conference to discuss the problems involved and the speakers will include A. G. Wilkie, senior chemical inspector of chemical factories.

Details can be obtained from N. G. Coles, Oyez-IBC, Norwich House, 11-13 Norwich Street, London EC4 1AB (01-242 2481). The conference will be held on February 17 at the Central Electricity Generating Board, 15 Newgate Street, London EC1.

Energy in housing

A ONE-DAY conference, Energy Conservation in Housing, is to be held by the British Woodworking Federation at the Cavendish Conference Centre, London on January 18. It aims to review the current world-wide energy position and the likely sources of energy which will be available over the next few years. Detailed consideration will be given to timber frame housing as a contribution to energy conservation.

Speakers will include Sir Frederick Catherwood, Professor C. Robinson, Professor of Economics, University of Surrey, and Doctor T J. Wiltshire, Lecturer in Building Science, Newcastle University. Mr. T. S. Mallinson, chairman of the Timber Research and Development Association, will preside.

The conference fee is £35 plus £2.80 VAT and details are obtainable from the Building Advisory Service, 18, Mansfield Street, London W1M 9FG (01-636 2862).

● TEXTILES

Quality of worsteds maintained

MAKING textiles differs widely between various countries, but there are also variations between cotton and wool, and filament and spun staple cloth manufacture. Possibly the most "sensitive" and certainly the most skilled is that sector devoted to handling wool, either as worsteds or woollens.

Because of the special properties of this natural fibre, the wool trade is still very much craft-oriented. But gradually, skills are being overtaken by the new technologies and even mass production.

When a worsted suiting has been woven — usually from coloured yarns—it has to be finished, and this involves scouring to remove oils used as lubricants, after which it has to be inspected and repaired if there are small faults in it, after which it will be brushed and cropped before finally being decated, or decatised.

Decatising is a very old system of pressing and in the old batch system, a length of cloth comprising several pieces is wound up on a perforated roll and between a special blanket. Once the roll is complete the whole package is blown. This means that steam is blown under pressure from the inside of the roll to the outside, thus imparting to the fabric its eventual finish. The problem with this treatment is that it is a batch system and one that is hard to automate or convert into a continuous process; in addition to which there can be variations in the degree of finish between the centre of the roll and the outside.

A completely new and continuous finishing system has been developed in Yorkshire and is coming into commercial operation at Hield Brothers (Briggella Mills, Bradford, BD5 0QA. Tel. 0274 71181) where worsted fabrics can be given a completely consistent finish that can be reproduced at will and at speeds up to 20 metres/minute.

Fabric is guided into a three-head Drabert shearing machine that crops away any superficial fibres and other faults with one cut on the back and two passes across the face. Where two pieces of fabric are sewn together the machine automatically detects them and raises its cutters automatically to allow them to pass through untouched.

From this point the fabric is "dewed" to ensure it has exactly the correct moisture content. The decating then follows by passing the fabric into an Ekofast chamber which has been supplied by Mather and Platt (Park Works, Manchester, M10 6BA. Tel.: 061-205 2321). In this machine the fabric is sandwiched between continuous belts of Nomex heat-resistant nylon and an impermeable belt of glass fibre coated with p.t.f.e. Steam is injected into the chamber at high temperature and high pressure while the fabric is being pressed against a set of three rollers and so given a finish that will remain throughout its life.

This new treatment allows Hield to guarantee a consistency of finish such that there will be no visual difference in a number of different pieces. Production has been substantially increased and is completely reproducible. The development which has been achieved by close collaboration between Hield Brothers and Mather and Platt has taken five years to come to full commercial realisation, but now that the system is running it has been greeted by the Yorkshire trade and makers-up as a major advance in the technology of finishing high quality worsteds.

● PROCESSES

Squeezes out the last drop

THOUGH IT is early days for the North Sea, a process just developed by Exxon is proving invaluable in extracting the remainder of the oil in a depleted field between Dallas and Houston.

It consists in forcing into dry wells exhaust gases from a boiler to increase the pressure in the formation and force out the last drops of crude.

Oil men have known for some considerable time that natural gas forced back into a well will maintain the flow of oil and prevent the seepage of water into the layers of porous rock in contact with the oil.

Natural gas is too precious to use in this way, however, and thus the exhaust gases, cleaned of oxides of nitrogen and residual oxygen, are compressed in banks of large Sulzer-designed turbo-compressors and raised to a pressure of 135 bar prior to injection. The boiler, running on natural gas, is providing process steam as well.

High speed winding

LATEST COIL winder from Rotawinder is claimed to provide a capacity and productivity equal to that of much larger and more expensive carousel machines.

It uses a conical tunnel winding technique to fly wind (that is, wire is wound round a stationary bobbin) at 30,000 rpm on four levels simultaneously. It is claimed that this high winding speed reduces cost by halving the number of spindles required for any given production.

Further cost savings are obtained by using a manually operated two-position turret instead of automatic indexing. The turret has two vertical posts, each with four mandrels which carry the bobbins. The operator swings these posts alternately into place in front of the winding cones. As the bobbins on one post are being wound, the operator removes and reloads bobbins on the other post.

Each block of four sets of tooling can be unplugged and replaced in minutes, when changing to another coil specification. The single winding head needs only one set of adjustments for number of turns, coil length and winding pitch. The machine can carry up to four reel buckets of 60 lb capacity.

The maker is at Forest Road, Hainault, Essex 1G6 3HJ (01-501 0921).

● COMPUTERS

Close watch on the power grid

NORTH WEST region of the CEGB has installed, and is running, a new £1m. computerised control system provided by the Data System's Division of ITT Business Systems.

First of a new standardised design adopted by the Board, it is based on ITT computer-based message and data-switching technology. This complex hardware/software project was designed by CEGB engineering staff in consultation with ITT specialists. The new system replaces electromechanical equipment, and provides data, displayed in an accurate and flexible form for the grid-control engineers.

In essence, the system provides the ability, using visual display units, to monitor and control the bulk distribution of electricity from the Region's grid control centre at Bramhall, Cheshire. The VDUs give the grid control engineers instant access to the information that is being continuously fed in from the supply system.

Data relating to the state of switchgear and the power flows is processed and displayed to the grid control engineer on the screens and mimic wall diagrams.

This telecontrol equipment also responds to the interrogations and instructions fed into it by the control engineers—the first time that facilities have been provided in a CEGB grid control room for the remote control of switchgear at a number of grid and supergrid substations. This provision is to enable a pilot project on remote control from a grid control centre to be carried out, which will show whether or not the exercise is feasible or desirable.

A measure of the region's satisfaction can be gauged from the fact that they have ordered a further 22 remote terminals, which will enhance the capability of the system and meet the region's requirements into the mid-1980s.

Simon takes a Honeywell

ICL HAS lost another major site —Simon Engineering, of Stockport—which has signed for a large scale Honeywell Level 66 computer along with seven Level 6 mini-computers, 50 video terminals, and a range of peripheral equipment valued, in total, at around £1m.

Simon has elected to go from a centralised computing policy (based on an ICL System 4-50), to a computing strategy that retains a central processing force but also provides group subsidiaries in many parts of the U.K. with their own processing capability, in line with its policy of management decentralisation.

Because of the group's structure, its computing demands called for a system capable of mixed-mode performance providing batch, time-sharing, and transaction processing as required.

● BANKING

Keeps track of cheques

COMMERCIAL banks, which are required to keep a visible record of cheques and documents, can do so as a by-product of their normal proof operations with a microfilming unit from NCR which can be added to the company's model 775 or 7750 proof systems.

These are used in the initial stages of cheque processing. Steps performed include double-checking the totals on deposit slips, printing amounts in MICR (Magnetic Ink Character Recognition) numbers at the bottom of cheques, and sorting the cheques according to their destinations.

NCR 7555, document microfilmer, which is 16½ in. by 32 in., fits between the operator console and the document sorting pockets of NCR proof systems. The unit records images of both the front and back of a document. It can microfilm about 14,000 cheque-size documents on a 100-foot film roll. The microfilmer operates at the normal speed of the proof system and photographs at a rate of about 100 inches of documents per second.

Options include consecutive numbers and image-count marks with each image to provide faster retrieval of microfilmed documents.

NCR on 01-723 7070.

PUBLICATIONS

Wind energy and gas bearings

THE MAIN types of aerogenerator now under development—horizontal, crossflow and high speed vertical axis turbines—are described in the 27 papers published in the proceedings of an international conference on wind energy systems held in Cambridge last year.

The papers also deal with storage and transmission of the produced energy, selection of sites, and applications. The ...page A4 book, which includes a record of the discussion, has been published by BHRA Fluid Engineering, Cranfield, Bedford, MK43 OAJ (0234 ...) at £21.50.

Another set of papers dealing with gas bearings has also been published by BHRA Fluid Engineering. Improved design and increasing emphasis on commercial viability have enabled gas bearings to compete with conventional types for both general and specialised applications, for example, in navigational equipment, turbomachinery, machine tools and metrology.

Many of these applications, covering both the practical and academic aspects of instrumentation, surface phenomena, porous and self-acting bearings, as well as theoretical and experimental design aids are described in the 28 papers which have been included in the Proceedings of the Seventh International Gas Bearings Symposium (Cambridge, July, 1977).

The 582 page A4 volume costs £16.

Guide for beginners

"COMMERCE and industry are littered with failed computer installations"—is possibly the best way to start a beginners' (management) guide to computing for small businesses. It is in the initial sentences of a compilation of papers written in simple terms to help people who have to make company decisions.

One text will help a man running a medium to small organisation to decide whether or not to computerise and provides a helpful check-list of all the points which have to be debated in order to arrive at a marshalling of all the relevant details which must influence a decision.

Ample stress is laid on such assertions that "a first-time user should not consider a computer because he believes, without any real evidence that it will save staff or money. It might, but it is less common than many people believe, and it requires good planning to make it happen." This is becoming well established fact so far as the computing fraternity is concerned.

Other texts in the report explain as simply as possible about such important things as how to approach purchase, hire or use of bureau facilities; modifications that may be needed in a company structure; financing; second-hand machines; operating costs and how to work them out; maintenance; privacy and last, but certainly not least, how to keep control of a computer section.

Backed by the Data Processing Management Association, the book is available through Input Two-Nine, 7, Banstead Road, Purley, Surrey, CR2 3ER.

● MATERIALS

Down to earth

MATERIALS for the electronics industry designed to protect integrated circuits and other devices from damage by static electricity are to be marketed by Surrey Electro-Materials.

The materials are embodied in complete work stations used for the assembly of static-prone components. These stations have conductive plastics benchtops, conductive floor mats and wrist straps for earthing the operators. The whole work station assembly is also connected to earth.

Other products to become available will be sheets of conductive foam and "grounding" straps in 50 feet lengths, component trays and bags with warning labels. Anti-static products specially designed for hospitals and chemical factories are also planned.

Details of all these products can be obtained from the company at Surrey House, London Road, Staines, Middx. TW18 4HW (Staines 61393).

● HANDLING

Swiss pallet system

AN AGREEMENT has been concluded between Weelpal AG of Zurich, Switzerland, and Fenamec, for the latter company to make and market the Rollax system of pallet live storage and transportation.

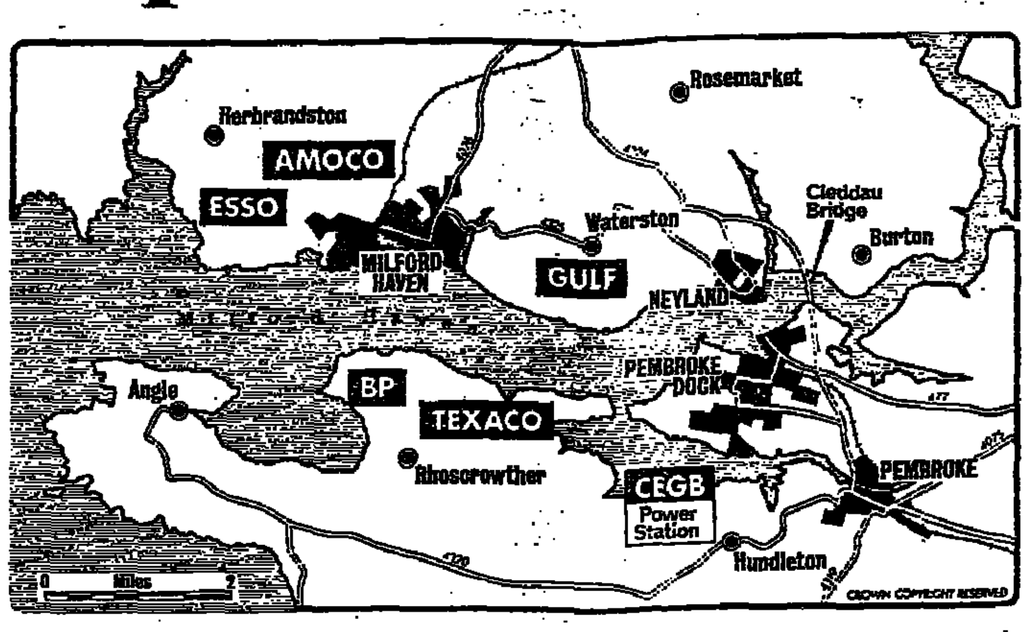
Briefly, the system is based on unit loads placed in simple frames, each fitted with four wheels, enabling the pallets to be moved without the need for roller conveyors.

For a live storage system the pallets can be mounted on rails, and will roll along a slight incline—a device prevents braking, sticking or starting problems, irrespective of mixed pallet weights. For storage the rails can be placed in tiers.

The pallet frame can be handled on conveyor systems, forklift trucks, or stacker cranes in the normal way. The wheeled frames are stated to be capable of accepting any type of pallet or stillage.

Details from Fenamec, Sutton Road, Hull HU8 0DR (0482 781211).

Why the euphoria has dried up



FOR THE first time an air of reality surrounds discussion of what is happening in the Celtic Sea. After successive waves of euphoria and despondency during the past five or six years it is now accepted that this area is not going to be another North Sea bonanza. Such a view has long been held by the oil industry: what is new is that it is now also accepted by the onshore operators. Only the Department of Energy has resolutely refused to accept the inevitable, but the way in which licences have been steadily relinquished this year must surely have driven the lesson home even to the officials in London.

Standing on the Cleddau Bridge and looking down on Pembroke Dock on one side of Milford Haven and the town of Milford Haven itself on the other, one could be forgiven for thinking that there was still a lot of activity taking place out at sea. But this activity is more a tribute to the way in which the local companies—and there are more than 80 of them which had hoped to be associated in some way with the exploration—have diversified, so that their base now covers general engineering, marine and shipbuilding work. Still, it is work with a fragile base. As one operator put it to me this week: "We are not dead, but we are not thriving either." And another stated that if oil came it would provide the jam to go with the bread - and - butter business already in existence.

There has been quite a bit of activity at sea this year—not large by North Sea standards but enough to keep interest alive—but all of it has turned out to be unproductive. Three companies have drilled wells—Amoco, Conoco and Texaco—and each has reported dry wells. This brought the total drillings since Shell started in 1972 to nine: all dry.

The fact that three wells were drilled had the effect of raising hopes earlier in the year because Amoco was the only one of the three which, this time last year, had committed itself to any prospecting in 1977. Conoco which has all along adopted a low-key approach to the Celtic Sea, gave the locals something to hope for by its surprise move. It was only when the rigs moved on and the companies made it known that nothing significant had been found that local people began to accept the inevitable.

That the locals should have kept their hopes so high for so long was hardly their fault since they had been ill-served by the Government and for a time somewhat confused by the oil companies. Ministerial statements have continued to spell out what the Government wants to hear rather than what it knows to be true. Back in 1975, when he was a junior Energy Minister, Mr. John Smith said that 28 wells would be drilled by 1978. He was told openly in Cardiff that such a total was not attainable and that 10 would be nearer the mark. A year later, Dr. Dickson Mabon, the Minister of State for Energy, reported that 1977 would be make-or-break year in the Celtic Sea, which was clearly not so.

Unfortunately, the oil industry had earlier raised hopes artificially high when one of its leaders led people in Wales to think that the theoretical potential of the Celtic Sea was one-seventh that of the North Sea. His speech was, however, quite rightly, hedged with qualifications. Within the oil industry it was obvious what he was saying, but not, it seems, to his audience — largely composed of laymen.

Realism

Even more important in inculcating the present air of realism has been the way in which the companies have relinquished their licences and, in some instances their shore operations. When the 44 original licences were first issued Shell took 12 and Premier Consolidated eight. Shell drilled in two blocks: 102/28 in the summer of 1973; and 103/18 last November and December. But both were abandoned after they were found to be dry. This led to the group downgrading its patch.

The company came to the conclusion—from its seismic survey and well reports exchanged with other operators—that there was very little prospect for that part of the area over which it had licences.

Shell has not only had the largest single number of licences but it has spent the most in the Celtic Sea—approximately £3m. out of some £14m. laid out there. Others which have also pulled out include Tricentrol, Phillips, Elf/Aquitaine, Siebens Oil and Gas, and Cluff Oil. Virtually all those left in have some sort of official link: Hydrocarbons GB (an arm of British Gas) and the British National Oil Corporation, for instance.

The joker in the pack is Arco. Everyone has assumed that Arco has drilled dry but the company has been careful not to say so. Locally, there have been reports that the company flared from its rig. Since the rig was only 18 miles at most off the coast, sighting such a flare was possible. *Arco isn't revealing anything.*

All Arco has said is that it wants to go ahead with drilling in a second block, in Cardigan Bay. Strictly speaking, the bay is not part of the Celtic Sea, a name devised by the oil industry. The industry's definition of the Celtic Sea is "that part of the northern half of the Western Approaches lying between Cornwall and Ireland, and stretching eastwards to the Bristol Channel and northeastwards to a line drawn across St. George's Channel between County Wexford in Ireland and Cardigan Bay." Frequently, though, the oil industry includes the Irish Sea and the local people in Dyfed invariably include Cardigan Bay.

Beyond the median line, into Irish waters, is a separate subject. Gas has been found there in the Kinsale field and there will be considerable activity next year, with some 16 wells likely to be drilled. That part of the Celtic Sea is outside the scope of this article.

Arco had wanted to drill again this year but ran up against a regulation which lays down that operators must give six months notification of plans. The normal North Sea notification time is a month. What makes Cardigan Bay, especially, and a lot of the Celtic Sea "hot" is that it is an area of high defence activity. The Government will not admit that this has anything to do with drilling regulations but it is common knowledge that there is guided missile firing from a base at Aberporth; that the Americans have a hydrographic survey unit on the coast; and oil company drills interfere with defence listening posts.

Whitehall fudges all this with the result that Arco has had to put back its projected drilling and now looks likely to start work sometime in the New Year. This is thought to be the only activity likely in 1978.

Cardigan Bay also holds out slight hopes because in the fifth round of licences five blocks have been allocated, of which *four are confirmed and one is pending.* All have gone to companies already in the Bay—Texaco, Hydrocarbons GB and Arco.

If the year out at sea has been disappointing, 1977 has been a good year for on-shore activity, despite Shell relinquishing its short lease on shore facilities. Texaco and Gulf have announced *a fluid catalytic cracking unit* and Amoco, having originally intended to join them in a tri-angular partnership, now looks likely to put up its own cracker at a cost of around £100m.

The Texaco/Gulf project, originally costed at £350m. but since revised down to £290m., is to be operated by a company set up on a 50-50 basis called Pembroke Cracking Company. However, Texaco is to be the operator and the plant will be built within its complex, with *pipes linking it across the Haven* to Gulf.

Contract

The main construction contract for the plant has been awarded to Snamprogetti, one of the principal subsidiaries of ENI, the Italian state oil giant. Snamprogetti has never built a major project in the U.K. though it has undertaken contracts for the oil, chemical and nuclear industries in many other countries. The cracker will have a capacity of 65,000 barrels a day and should be in operation early in 1981. The core of the workforce will amount to 1,200 men though as many as 2,800 will be in action at the peak. When completed, the cracker will provide long-term employment for about 270.

The shape of Amoco's project is still a closely guarded secret within the company, though in Pembroke Dock it is confidently expected that the go-ahead will be given within the next month or two. Cracker projects such as these and others planned by Shell, Mobil and Total/Petrofina elsewhere in the U.K. have become necessary because of the changing pattern of demand. Refineries in the U.K. were constructed with the fuel-oil market as their main buyer. But following the rapid increase in the price of crude after the 1973 Arab-Israeli war the market for heavy fuels has contracted as the Government's Save It campaign and the depressed state of the economy have cut back demand. At the same time, demand for lighter, refined fuels such as petrol and diesel are now seen as being relatively more important.

Gulf, Texaco and Amoco service the whole of the U.K. market (and some of the European) from the Haven and so crackers are essential to them if they are to cater for the changing market.

If the early soundings are confirmed and there is no oil off the Welsh coast, then the offshore suppliers will be doubly hit. They will have lost a potential market on their doorstep and be that much further away from anything which turns up in the Western Approaches, the next area of sea under British suzerainty to which attention will turn.

This is now accepted. But hope has not been completely abandoned in the Haven. It is pointed out that the Norwegians drilled getting on for 50 wells before oil was found; it is also pointed out that the median line between the U.K. and Eire contains the best potential and nothing has happened there yet because of diplomatic negotiations over where the line will fall. The super-optimists also point to the example of Libya. There, drilling was so disappointing to start with that the first companies finally gave up. Others came later, shifted ground slightly and hit the button.

You have to be a super-optimist in the Haven, though, to believe the Celtic Sea will turn into another Libya. Geological interpretation techniques have improved out of all measure so that the Libyan case is unlikely to be repeated. That is why most people around the Haven are prepared now to be realistic and take anything the politicians say with more than a pinch of salt. The one hope is Arco: even the realists admit that they are keeping their fingers crossed, touching touchstones, or paying whatever obeisance to the gods is necessary for the company to find oil.

APPOINTMENTS

Senior changes at Hill Samuel

Mr. John Elton is to become chief executive and a deputy chairman of HILL SAMUEL AND CO., merchant bankers. Sir Robert Clark is relinquishing his position as chief executive on January 1 but will remain chairman of the merchant bank. Sir Robert, as group chief executive, intends to concentrate on the affairs of the group as a whole.

From February 1, Mr. K. R. B. Lloyd is joining the Board of HILL SAMUEL GROUP and will be an executive deputy chairman of Hill Samuel and Co., and become head of the merchant bank's U.K. division. On taking up his new post, Mr. Lloyd resigns as chief executive of Williams and Glyn's Bank, but will remain on that Board as a non-executive director.

With immediate effect Mr. John Marshall, managing director of Hill Samuel Investment Management, joins the Board of Hill Samuel Group. Mr. David Clarke and Mr. Mark Johnson (at present joint managing directors of Hill Samuel Australia) become directors of Hill Samuel and Co., and Mr. C. N. A. Castleman has been appointed managing director of Hill Samuel Group (SA).

Mr. Kenneth Winckles is to be group director of corporate planning, relinquishing the post of financial director of Hill Samuel Group. Mr. Dolf Moolman has been made chief financial officer of Hill Samuel Group and will also be treasurer of the merchant bank.

The merchant bank is being reorganised into four principal operating divisions—U.K., International, Financial Services and Project Finance. Heads of those divisions will be Mr. Lloyd, U.K., Mr. Mark Johnson, at present joint managing director of Hill Samuel Australia, who moves to London to the International Division, and Mr. T. P. Thornton, financial and advisory services and advisory services division. Mr. Thornton will also become a deputy chairman of Hill Samuel and Co.

Mr. Warren White, who recently joined Hill Samuel from the Bechtel Organisation of San Francisco, continues as head of the Project Finance Division.

Mr. R. E. England and Dr. J. Rorke have been appointed joint managing directors of the VICKERS OFFSHORE ENGINEERING GROUP. Sir Leonard Redshaw will relinquish his position as non-executive chairman of the group on December 31. Dr. Rorke, who is already responsible for Brown Brothers and Co. and John Hastie of Greenock, will now be in charge of Vickers Offshore (Projects and Developments) and Vickers Slingsby. Mr. England will continue to control Vickers Oceanics and in addition will be concerned with the group's marketing to the offshore industry.

Sir Rowland Wright is to join the Board of ASSOCIATED PORTLAND CEMENT MANUFACTURERS as a non-executive director on January 1. At the same time Mr. A. D. Stirling and Mr. K. W. Court will become directors. Mr. Michael Chapman retires from the Board at the end of this year.

It is intended that Sir Rowland will take over the chairmanship of APCM next May from Mr. Anthony Binny, who is to retire from that Board after the annual meeting.

Sir Rowland retires as chairman and from the Board of Imperial Chemical Industries on March 31.

★

Mr. M. R. Palmer, head of services of LOMBARD NORTH CENTRAL, has been appointed to the Board from January 1.

★

Mr. N. Copson has been appointed a director of LONDON SCOTTISH FINANCE CORPORATION and Mr. A. S. Booth retired from the Board.

★

Mr. A. J. Harvey Wood, Group legal adviser, has been appointed to the additional post of executive director, DOW GROUP SERVICES.

★

Mr. V. L. Bone has been appointed to the Board of SWITCHGEAR as finance director. Mr. T. F. Reilly has also joined the Board and will be director manufacturing. Mr. Reilly was previously works manager, U.S. Corporation, Dundee.

★

Mr. Basil N. Eckhard, general manager of the LEICESTER BUILDING SOCIETY, has been appointed a director from January 1.

★

Mr. Mick Whitmore has been appointed to the newly-created position of sales and promotion manager within the marketing division of RANK XEROX (U.K.).

★

Mr. Harvey Gordon and Hywel Jones have been appointed directors of the HENRY C TRE FOR FORECASTING.

★

Mr. V. Y. Sytnikov has been appointed a director of MOSCOW NARODNY BANK.

★

Mr. Leslie C. Jones has been appointed to the Board of BRAHAM MILLAR GROUP with responsibility for marketing and sales.

★

Mr. Ian Henderson has been appointed to the Board of WR a chief surveyor-director.

★

Mr. John R. Bell has joined the Board of APPLIANCE COMPONENTS in the newly-created position of marketing director. The company is a member of Unitech Group. Mr. Bell was previously with Dawe Instruments

PROGRESS REPORT BY THE WILSON COMMITTEE ON FINANCE FOR INDUSTRY AND TRADE SAYS:

Let tax concessions help the small businessman

BY MARGARET REID

A RANGE of proposals for helping small firms, particularly through tax concessions, assistance with raising share capital and financial advice, are reviewed in the progress report on the financing of industry and trade by the Wilson Committee on financial institutions.

More generally, the report, published yesterday, says that financial institutions do not believe that shortage of finance has restricted industrial investment—the inadequacy of which *is rather blamed on economic* conditions and Government policies—but it notes that the TUC and the Labour Party adopt a more critical stance.

Conclusions and recommendations are not put forward at this stage by the committee, headed by Sir Harold Wilson, which is still at work on the first part of its study, concerning finance for indusrty and trade.

In the first half of next year, its inquiry will be carried forward into wider aspects of the functioning of the financial institutions, including their regula*tion and supervision*, the part to be played by the public sector and comparisons with overseas financial centres.

The committee considers that the publication of the present report on the evidence to date, which it calls impressive, will be helpful in stimulating debate and allowing those who provide papers to examine, and react to, the comments submitted by others.

Describing the main themes of all evidence so far, the report says that, on the one hand, "few in industry or the institutions *believe that the way the financial* institutions operate has deprived firms of funds they should have had, or has constrained invest*ment*. Low productivity, low profitability, low demand and problems caused by Government policies are regarded as far more important factors behind our poor industrial performance. Industry and the financial institutions claim that relations between the two sectors are good.

"On the other hand, the TUC's evidence argues that the increase in manufacturing investment which is the objective of the Government's industrial strategy, and which must take place if the benefit of North Sea oil is to be used to rebuild the industrial base, will require a closer relationship between Government, industry and the financial institutions than has existed hitherto. The TUC argue for a greater role for Government agencies.

The opposition

"The evidence of national executive committee of the Labour Party also criticises the existing system. They say that financial institutions in the U.K. are too cautious in their attitude to lending, and that the solution lies in an extension of public ownership. However, many witnesses have already made clear *that they are wholeheartedly* opposed to the committee's proposals."

Two highlights of the Wilson Committee on the financing of industry and trade point out that financial institutions do not believe that shortage of finance has restricted industrial investment—but the TUC and the Labour Pary adopt a *more critical stance* . . .

Addressing itself to an argument often heard on the political Left, the committee says "the submission by the National Executive Committee of the Labour Party criticises British industry for being too cautious about gearing. The committee claims that gearing ratios are lower here than in the U.S., West *Germany, Japan and France, and* attribute this to a 'pervasive attitude of conservatism in our industrial and financial system which may go far to explain British industry's poor investment performance'."

However, the committee states, "the submissions from industry dispute the relevance of arguments based on international comparisons. They say that the figures have to be viewed in the context of the different circumstances—and different accounting methods—of each country. In many, the main reason for the higher gearing of companies is that equity capital markets are narrower and less well developed than in the U.K.; this is particularly true of Germany, France and Japan." Companies there rely more on long-*term* loan capital because equity capital is less widely available, and they regard the greater choice open to British companies *as an advantage* rather than a disadvantage.

The committee notes the progressive decline in the role of the personal investor in companies, his proportionate ownership of share capital having fallen from 54 per cent. in 1963 to 37½ per cent. in 1975, as that of the institutions has grown.

Discussing the question of the proprietorial function of the institutional investor, the report states that the Bank of England *has said in evidence that it* favours closer institutional involvement with industry, shown by its sponsorship of the establishment *of the Institutional* Shareholders' Committee in 1973. The Bank, says the report, still finds it necessary to play an *active co-ordinating role itself* and sees a continuing need for a central organisation, alongside rather than within the commercial *system*, which is regarded as constructively neutral and can gather together the parties concerned to see that divergent interests are reconciled. The views of others—the CBI and the Bow Group—on this topic are *also referred to.*

A brief section of the report touches on the basic question of the funding of pensions—whether the present *system* of investment of funds, possibly with topping-up by employers in case of need, should continue.

Some of our evidence, the committee notes, has argued that the U.K. should adopt the French system of "pay-as-you-go," under which current bene*fits are financed by current* contributions, and the actuarial relationship between an employee's contributions and the pension he will *eventually* draw is regarded." But, says the report, many witnesses, including the National Association of Pension Funds, argue against a change to pay-as-you-go.

In a section devoted to the problems of smaller firms, the committee says that over half the papers received referred to the difficulties or special featurs of small firms, many saying that, if there are problems in the supply of finance to industry, this is where they are likely to be found.

The risks

Summarising the main points put to it about small firms, the committee says proposals for easing of tax burdens were advanced with particular force in relation to the decline of this sector: "We have been told that high taxation has made it more difficult for the owner of a business to accumulate capital out of income; has discouraged enterprise by making the rewards too small in relation to the risks; and has reduced the role of the private investor in the stock market, so making equity capital more expensive for small than for large companies because the institutions prefer to invest in the latter. It has become difficult to find private capital for new ventures, and established enterprises do not have much incentive to expand. The taxes that are most criticised in this respect are income tax and the investment *income surcharge capital trans*fer tax and the possibility of a wealth tax, and the failure to adjust capital gains tax for *inflation*. The *growing* administrative burden imposed on small firms by legislative and statistical requirements has been criticised on several occasions.

"In relation to the tax burden *on small companies highlighted* in the evidence, the committee says: It has been argued that ending the tax discrimination *between personal* and contractual saving, preferably by introducing tax incentives for the former, would help reverse the trend towards institutional shareholding, which in turn would help the financing of smaller firms. Other suggestions on tax, in relation to small firms, are:

(*i*) to relax the shortfall provisions for close companies, under which a proportion of profit may be taxed as if it had been distri*buted, thereby making it difficult* to build up reserves in the business;

(ii) to make corporation tax *more equitable, without a loss* of revenue, by abolishing the complex system of reliefs (which it is sometimes difficult for the *small* firm to understand) and reducing the rate;

(iii) to allow companies to issue "investment shares," convertible into ordinary shares after say five years, which would not attract dividends before conversion but would be free of capital gains tax;

(iv) to change the law to allow "limited liability partnerships" in which all profits are taxed as earned rather than unearned income, or to adopt the U.S. practice whereby a small business's losses can be offset against the proprietor's income-tax;

(v) to introduce tax holidays for newly-started companies.

The gap

The committee refers to a number of submissions which speak of an "equity gap" over share capital for small firms and describe it as more serious than any shortage of loan capital; it also notes what such specialist bodies as FFI, Equity Capital for Industry and others offer in this field. It then says: We have heard differing views on whether set*ting up new institutions* to help small firms would serve any useful purpose. Some submissions have argued that it would not: *the existing bodies have not* found it particularly easy or profitable to help small enterprises, and several—such as merchant banks—who have attempted it in recent years have given it up. Other submissions however have argued for new agencies, in most cases involving an element of Government guarantee or subsidy.

The committee describes a recommendation that the banks *should* relax their rules on security and increase medium-term lending to smaller concerns—with the backing of a Govern*ment backed* guarantee system—but adds: We must record that the overwhelming impression given by the evidence is that the overdraft *is a relatively cheap* and convenient form of finance for the small business and that sound and profitable companies seldom have difficultiy in getting the facilities they need.

Several witnesses suggested interest rate subsidies or Government guarantees to encourage medium-term lending to small firms, arguing that it is in the long-run national interest to stimulate this sector.

The Confederation of British Industry, for instance, suggested exploration of the possibility of refinancing—at the Bank of England—*for medium-term lend*ing; the establishment of a body like the U.S. Small Business Administration; an interest rate subsidy for very *small firms*, as an interim measure while the problems of tax and inflation are being dealt with; and an improvement in the facilities for financing technological risk.

The assistance

After directing attention to the widespread view that smaller concerns suffer from an information gap and often need more financial advice, and after noting a proposal for a more developed over-the-counter market in Britain to facilitate the sale of shares of smaller firms, the committee lists various proposals put forward for the assistance of smaller businesses:

1—A non-profit Government-backed finance company to help small firms finance increases in finished stock, so as to ensure that they will be able to meet delivery dates when economic activity recovers;

2—An Export Credits Guarantee Department-type facility to underwrite the technical risk in contracts for new equipment or processes;

3—An "innovation insurance corporation" providing Government-backed guarantees covering (say) 80 per cent. of bank loans for new ventures;

4—A "high risk lending support fund," financed by a levy on overdraft lending, to which the banks would refer propositions which they were not prepared to accept themselves;

5—Underwriting by ECGD of (say) 80 per cent. of the additional lending for working capital needed when a firm enters a new export market;

6—Government support for *leasing by small companies*, and further Government support for consultancy expenditure;

7—An information office to put *new technology-based* firms in touch with appropriate sources of finance;

8—Changes in company legislation to make it *easier for* large firms to invest in smaller ones during their development phase and "float" them off again when they are more mature.

Returning to the programme for its future work, the committee lists the topics which witnesses have urged it to study, which it considers important and on which, therefore, it is to concentrate in the remaining part of the first stage of its inquiry *concerning finance for* investment.

These are: company financing and investment; availability of finance; Government policies, bank lending; long-term loan and institutional investment.

The oil

The importance of North Sea oil is to be recognised in attention to (*i*) *the influence of the* benefits of North Sea oil in the private and public sectors on the availability of resources for investment; (*ii*) *the scale of investment financing required* by the Government's industrial strategy and whether sufficient funds *on acceptable terms* are likely to be forthcoming: and (iii) whether investment and associated savings will be forthcoming using existing institutions or whether changes will be required.

Summing up the main areas of interest on the financing of small firms, the committee says these will be: (i) availability of venture capital for new projects particularly in the area of high *risk technology*; (*ii*) availability and cost of loan finance for small companies, including the banks' requirements *for security* and the question of Government guarantees or interest-rate subsidies for this type of lending; (iii) the availability of equity finance to smaller medium-sized companies, the merits of a stock market quotation and the case for developing over-the-counter markets in unlisted securities; and (iv) the *availability* of information about financial facilities for small businesses and professional advice on preparing requests for loans.

FINANCIAL TIMES REPORT
Friday December 16 1977

HEATHROW RAIL LINK

With the new extension to the Piccadilly Line being opened to-day London's Heathrow Airport becomes the world's first international airport to have its own underground link with a major capital city.

Easing the frayed nerves

By Michael Donne

HEN THE Queen formally pens the new London Transart underground rail link into e Central Area of Heathrow day she will be inaugurating development that could revotionise travel to and from the siest international airport in e world.

At present, Heathrow caters about 24m. passengers a ar, a figure that is expected to se in the years ahead by an erage of about 8 to 10 per nt. a year. Together with eeters and greeters"—the rase used to describe those o pick up and set down ssengers—and spectators, it is timated that already well er 35m. people move into and of Heathrow every year, te apart from the many usands of staff.

In terms of passengers alone, wever, Heathrow ranks as the rth busiest individual airt in the world after Chicago's lare (41.4m. passengers), anta (27.3m.) and Los geles International (26m.), three of which have a very level of U.S. domestic air fic. In terms of international air travellers alone, throw is the world's busiest ort, with some 20m. of its total traffic making international journeys of various ances.

urrently, all of this traffic, matter where it comes from oes to by air, is fed into and of the airport on the ground oad, through the tunnel that s the Central Terminal area with the M4 motorway, the A4 road and other highways on the northern side of the runway pattern. Only on exceptional occasions has the other tunnel, normally reserved for cargo and other restricted types of business, been temporarily given over for passenger use. The result, inevitably, is frequent congestion on the road system to, from, and in the Central Area of the airport, with long delays resulting in frayed nerves and tempers, missed flights and lost time and money.

It is hoped that the new underground rail link will change all that. The new link is in effect an extension of the existing Piccadilly Line from its former terminus at Hounslow West station, into Hatton Cross (on the South-East corner of the airport, where all the British airways headquarters, maintenance and engineering facilities are), and then under the airport itself into a new station in the Central Terminal area. The new station is linked directly with the three main passenger terminals by long subways, each with a "moving walkway" to make life easier for passengers with heavy baggage.

It can be argued that this new link should have been built years ago—and admittedly it was suggested more than 20 years ago by the responsible Minister of the day that one of the first priorities for the "new Heathrow" ought to be linking it into London's underground system. The words fell for a long time on deaf ears or doubting minds. Certainly, when Heathrow was first developed in the late 1940s and early 1950s it was never thought possible, in the Government departments of the day that were responsible for the planning, that air travel would expand at the rate that it subsequently has.

This lack of long-term confidence in air travel at that time was primarily responsible for the decision to adopt the Central Area concept for the airport, with all the main terminals in the centre of the runways, linked to the outside world by the tunnel, with the resulting steady increase in congestion and design and development difficulties on new terminals and other facilities owing to lack of available space.

While at long last, an effort is being made to break out of this restrictive situation, with the British Airports Authority's plan for a fourth passenger terminal on the southern edge of the airport, the fact remains that for many years to come, the bulk of the traffic at Heathrow will still have to use the Central Area.

Capacity

If the current rate of growth is maintained through the rest of the 1970s and beyond, it seems likely that by the mid-1980s, the number of passengers using Heathrow will rise to about 32m. a year. If the fourth passenger terminal (intended to provide capacity for another 8m. passengers a year) is approved—and it is currently the subject for an impending Public Planning Inquiry—then Heathrow's capacity for the mid to late 1980s will be around 40m. passengers a year.

Beyond this, it was originally thought that there might also have to be another terminal, Number Five, built at Perry Oaks at the Western edge of the airport, to cater for any further expansion in traffic beyond about 40m. passengers a year. This idea now seems to be almost ruled out of the British Airports Authority's forward planning, on the grounds of the heavy expense that it would entail, and the difficulties in developing an adequate surface infrastructure at that end of the airport, but more particularly because of the environmental problems that it would entail. Terminal Five, in fact is not considered viable, and the BAA is not now likely to press for it.

In the meantime, therefore, the British Airports Authority, pending Terminal Four, has to think in terms of a potential traffic volume of some 32m. passengers a year moving into and out of the Central Area alone, which, together with the spectators, visitors and staff of all kinds serving the airport, will mean a total of close to 50m. people a year using the Central Area. Already, at peak periods, some 30,000 vehicles a day move into and out of the Central Area (or about 11m. vehicles a year) and this figure could grow steadily as the overall passenger traffic at the airport rises in the years ahead.

Thus, there is not, and never has been, any doubt as to the need for a rail link of some kind. Various ideas have been canvassed over the years, including the possibility of extending the British Rail Southern Region line from Waterloo directly into the airport through a tunnel under the runways. This idea, although not yet entirely dead, has now been pushed into the background in favour of the London Transport extension of the underground rail system, which enables Heathrow to be directly "plugged in" to the entire underground transport system of metropolitan London.

While several major cities throughout the world already have surface rail links between their airports and the centre of town—Gatwick, with its BR rail link to Victoria, Brussels Airport, and Charles de Gaulle Airport at Paris, are all examples of this—Heathrow is the first major international airport to have its own underground link to the metropolitan area.

It has been estimated that of all the passengers currently using Heathrow, about 38 per cent. come to or from the airport by private car, about 25 per cent. use the various airport coaches provided by the airlines and British Rail, while about 20 per cent. use taxis and mini-cabs, with the rest (17 per cent.) travelling by a variety of means, such as self-drive cars, London Transport buses, hotel courtesy coaches and so on.

It is expected that, once the new rail link has bedded itself into the system, it will account for some 30 per cent. of all the people moving into and out of the airport, or about 12m. people a year, and that as a result, the numbers travelling by private cars will drop to about 32 per cent., those using the airlines' coaches to about 15 per cent. and those using taxis to about 11 per cent. while usage of the other forms of road transport will drop to 12 per cent.

Habits

Thus, the advent of the rail link into the Central Terminal area can be expected to revolutionise travel habits, and certainly for a period at least ease the strain on the already congested road system.

The aim of the new rail link, which has cost about £30m. to develop, together with another £41.2m. for 88 new larger trains on London Transport's Piccadilly Line, is to ensure that Heathrow Central is regularly served with frequent trains. From Mondays to Fridays, trains will run to and from Heathrow Central every four minutes during the peak commuter hours, and every 3½-6½ minutes during the mid-day period and every 7½ minutes during the evenings. On Saturdays, trains will be timed every 5 to 10 minutes before 11.00 and after 21.00, and every 4 to 8 minutes for the rest of the day. The Sunday timetable will be every 7½ minutes before 10.00 and every 5 to 10 minutes at other times.

The first trains into Heathrow Central will run from Central London at about 05.38 to 06.00, depending on wherein the London area a passenger joins, while the first trains from Heathrow Central to London will leave at 05.07 on Mondays to Saturdays, and at 06.48 on Sundays. Journey times to and from Piccadilly Circus will be about 40 minutes, and the single adult fare will be 80p. the times and fares of course varying according to the point on the metropolitan underground network at which the Heathrow trains are boarded.

These times have been worked out by London Transport so as to gear them as far as possible to the peaks and troughs of airline traffic, as well as to the peaks and troughs of the underground system itself. The two do not necessarily coincide entirely, because it has to be borne in mind that London Transport's first priority is to ensure that the rest of the London underground network is not disrupted by the need to put trains into Heathrow Central. But London Transport argues that no passenger will find himself waiting more than a few minutes at most for a train to or from Heathrow.

The trains developed especially for the new link have several new features. They have carriages that are longer than those customarily used on the Piccadilly Line, so that each new six-car train has a capacity similar to that of the present seven-car trains. There is more floor space for airline passengers' baggage, or in peak hours, for standing passengers. Some airline personnel have suggested that this additional baggage space is not really adequate, and that there could be some problems of overcrowding on the trains in peak hours. The London Transport answer to this is that many of the passengers using the trains will not necessarily be heavily laden, and that in many cases, those with large quantities of baggage will still probably seek to use private cars, taxi-cabs or the airport buses, all of which will still be available.

Constraints

Furthermore, argues London Transport, millions of passengers have travelled on the London Underground system for many years with baggage and, while admittedly there has been some congestion, especially at peak periods, it is not too uncomfortable for the passengers. The London Transport point is basically that it has been obliged to try to fit a Heathrow extension into an existing, heavily used and extensive Underground system, with all the constraints that this imposes on that system. Had the planners been asked to devise a rail link specifically and solely to serve Heathrow, it would have been possible to put on even bigger carriages with special baggage compartments. It is pointed out that once out of Heathrow and Hatton Cross, and into the main Underground system itself, the trains have to be geared directly to meet the requirements of the rest of the system, entailing stops of only a few seconds at each station. This, in itself, precludes the possibility of installing special baggage compartments which would slow down the system while passengers searched for and unloaded their luggage.

Whether all this proves to be the case remains to be seen. What there does seem to be little doubt about is that, while it can be argued that it has come several years behind the time when it ought to have been provided—the link has none the less arrived in the nick of time to save Heathrow from even worse congestion than is often experienced at present. If it really does lift off some 30 per cent. of the traffic that currently goes to and from that airport by road, then the benefits should be quickly seen in easier road journeys, and less frustration around the airport.

All this, of course, is relative to the overall growth of the airport's total traffic. The introduction of the rail link does not, in the eyes of the British Airports Authority, prevent the longer term need for the fourth passenger terminal on the southern side of the airport.

London Transport is prepared for this contingency. It says that, if necessary, the British Airports Authority could build one of its subways with a moving walkway linking Hatton Cross Station on the South-East corner of the airport and the proposed new Terminal Four—both the station, and the London underground rail system can cope with its share of the 8m. passengers a year, together with the additional visitors and others, that the new terminal would entail. Even though Terminal Five does not now seem likely to be developed, London Transport is ready for the possibility, and could extend the tracks from Heathrow Central on to the western edge of the airport if required.

These are, of course, long-term plans. For the immediate future, Heathrow has at last been given the one vital communications link that it has needed for years to ensure that it does not slowly become suffocated by the pressures of its own expansion.

Innovations in design

ONE OF the basic objectives of the British Airports Authority and London Transport in *designing the new subterranean* passages and the new underground station at Heathrow Central has been the need to *ensure swift traffic flow.* No one, either stepping off an underground train at Heathrow Central, or arriving from overseas and anxious to get home or into London to his hotel, is really unduly interested in the niceties of his surroundings. Providing they are clean, comfortable, convenient and efficient, he is usually content.

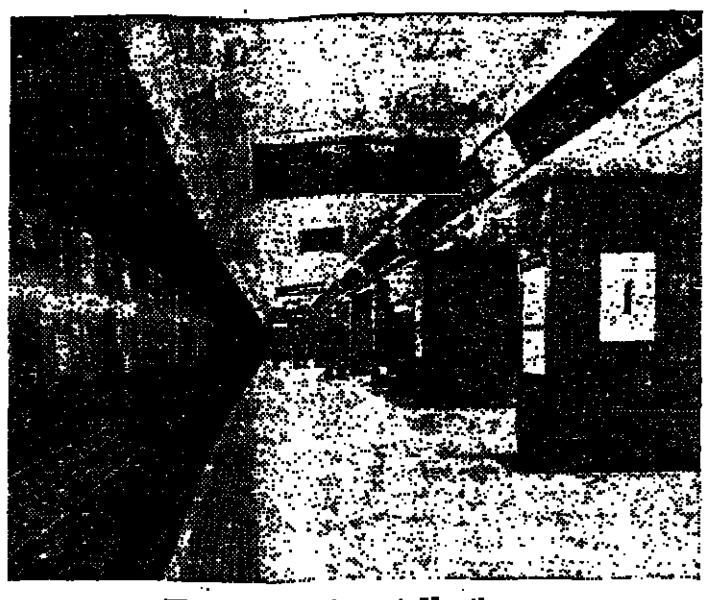
These points appear to have been recognised by both organisations in their designs for the new facilities in the Central Area at Heathrow. Basically, these facilities consist of a new underground station, leading to a big main concourse that in turn leads into three subterranean *passages linking the station* area with the three main terminal buildings. The subterranean passages and the concourse, in themselves, can operate separately from the station, so that even when the station is closed, passengers will still be able to communicate freely between the three passenger terminals, thereby avoiding the long, and sometimes even hazardous walk between the terminals on the surface, or the use of the sometimes slow inter-terminal buses.

Levels

So far as the station is concerned, it has been built on three levels below ground. The spacious main concourse and ticket hall is immediately below ground level, with stair and *escalator connections to the* surface entrance, and further similar connections to the platform level itself. The escalators are not fully working because of the recent strike of maintenance engineers. It is hoped that they will be brought into operation in the not too distant future, however, but the disadvantage caused by this non-operation is minimal, involving only about 40 steps from the surface to the concourse level, and a few more down to the platform level.

When fully operational, separate escalators will serve incoming and outgoing passengers, linking the ticket hall with the platforms. There are two of the latter, and trains will arrive at and depart from either, with a specially illuminated sign telling arriving passengers the appropriate terminal for their flight. In the ticket-hall, a full-scale travel information centre will be available *for most of the time that* trains are running. It will be managed by London Transport, but for the first time at a London Transport travel inquiry office there will also be British Rail and London Tourist Board representatives. A sterling exchange office will also be available to enable passengers to change their foreign currency and travellers' cheques into sterling—although this facility will not be available to enable sterling to be exchanged into foreign currency, a convenience that is already available at banks inside the three terminal buildings.

The new Heathrow Central station incorporates some new features for London Transport, which may, *if successful at the* airport, be incorporated at other major LT stations. One of these is the computer-controlled "Journey Planner," installed just opposite the ticket office in the main concourse. This device is equipped with three buttons, enabling it to give information *in English, French or German.* Once the relevant language button has been pressed, the passenger then presses another button for his destination station anywhere on the entire London Transport underground network. Immediately, a detailed itinerary of a suggested route, with a map, appears on a cathode ray screen. London



The new station at Heathrow.

Transport says that it has *devised this technique especially* for Heathrow, but there are many other major interchange stations on its underground network where a comparable device could be used with profit, and it is looking to the Heathrow scheme to prove the concept.

Behind the scenes, too, the latest facilities have been provided. Train movements into and out of the Heathrow Central station will be controlled by computer, with a closed-circuit TV installation helping the operations controller. He is based at Earls Court, several miles from Heathrow, but he will still be able to see the platforms at Heathrow Central, and thus gear the frequency of trains to cope with pressures of demand.

Throughout the station and the subways to the terminals, efforts have been made to provide a decor that is light and cheerful, and in tune with the overall objective of speeding the passenger on his way. These decorations have already come in for some criticism as being too simple. One, for example, is that of a bird in flight, with *a series of silhouettes depicting* various moments in that flight. Most observations on this pattern of decoration so far have been adverse, and it has been suggested that a return to a more objective (and financially more rewarding) decor incorporating some advertising might be worth exploring.

Despite this objection, however, it must be accepted that the design of the subways is intended to facilitate the passenger who is anxious not to waste time on his journey from train to aircraft and vice versa. The moving walkways in each subway are wider than normal, to accommodate baggage *trolleys and to allow other* passengers who are in a hurry to overtake. Passengers emerging from the underground station will be able to collect trolleys and wheel their baggage right up to the check-in desks in the passenger terminals. Equally, passengers arriving by air can take their trolleys from the baggage reclaim halls as far as the entrance to the station. At that point, however, they have to carry their baggage to the trains: London Transport points out that it cannot afford the risk of having trolleys littering the station platforms, with the danger that they might fall onto the tracks.

The British Airports Authority subways have already been in operation since the autumn of this year. The whole subway project was co-ordinated and supervised by the engineering department of the British Airports Authority, with construction by John Mowlem and Co. and L. G. Mouchel and Partners, as consultant engineers, with architects Frederick Gibberd *and Partners. The interior* design and applied graphics are by Minale, Tattersfield, Provinciali.

So far as the engineering is concerned, work on the new railway extension began in April, 1971. The extension to Hatton Cross was opened on July 19, 1975, and has already proved invaluable for workers moving to and from the big British Airways' engineering base at that corner of the airport. The line from Hounslow West to Hatton Cross is two miles long. At Hatton Cross *special provision has been made* to reduce the effects of aircraft noise for passengers and station staff, with extensive sound *insulation being incorporated* into the design of the station.

From Hatton Cross, the 1½ miles of line into Heathrow Central Station runs fully underground, in deep tube tunnels driven beneath the airport runways. The tunnels are 12 feet 6 inches in diameter, and lined with segmented concrete rings. Heathrow Central Station itself is contained in a large reinforced concrete box, 390 feet long and 75 feet wide, with the platforms 44 feet below ground level.

Between Hatton Cross and Hounslow West, the line runs broadly parallel to, or under, the Bath Road and Great South West Road. Both tracks are generally in a single box-section type tunnel, just below the surface. Construction of this section of the line was mostly by a method adopted to minimise surface disturbance in the area.

At Hounslow West, where the extension links with the original terminus of the Piccadilly Line, the tracks had to be diverted to a new alignment, to allow for the extension. New platforms were constructed, and a covered walkway was built to link them with the existing ticket hall. The old track was removed, and the site of the former platforms was filled in for use as an extension to the station car park.

The cost of the rail programme, £30m., is being met as to 50 per cent. by London Transport, 25 per cent. by the Government, and 25 per cent. by the Greater London Council. This cost covers the engineering of the extension, including the tracks and stations and signalling and other equipment. The long subways that link the Heathrow Central Station with the three Terminal buildings, however, are part of the British Airport Authority's overall modernisation programme for Heathrow, and are financed by that organisation.

Familiar

In addition to these outlays, another £41.2m. has been spent by London Transport on 88 new trains specially for the Heathrow service. Most of these are already in service. The new trains have the familiar "silver" look of unpainted aluminium alloy panelling, large double-glazed passenger windows, high windows in the doors, a passenger address system, and "wrap-round" windows for the driver's cab. In addition to being longer than other tube-trains, and with more floor space for airline *passengers' baggage or for* standing passengers in peak hours, the new trains also have a new electronically-controlled braking system, with more flexibility, while retaining all safety features, and a new device which helps the motorman to locate faults quickly and so minimise delays. The trains are designed so that automatic operation, with a one-man crew, can be built in when required *in the future.*

Michael Donne

Delays will continue

WHILE THE Piccadilly Line extension should take the pressure off road traffic congestion in the central area of Heathrow for a time the position is likely to get worse again as the 1980s progress.

The space problem at Heathrow has been growing for many years. It is the world's busiest international airport, handling 24m. passengers a year. Yet the central terminal area, excluding the aircraft stands, is no bigger than 80 acres. By comparison the parking area available at *Gatwick, which this year is* expected to handle about 7m. passengers, totals 140 acres alone.

The confined area *that* Heathrow has available has long been recognised as a serious constraint. The main tunnel from the north side of the airport is the principal traffic artery to the central area and it has a capacity of about 30,000 vehicles per hour in each direction.

At peak times in the summer there can be long delays, especially when there is a breakdown in the tunnel. The most notorious example occurred in September last year, when all traffic simply ground to a halt. At the time it was named Black Sunday.

The British Airports Authority has a plan for traffic control that would ease the congestion *considerably.* The essential features of the scheme would be to offer drivers a choice of whether to enter the Central Area and pay a fee on leaving, according to the time spent there, or to park on the airport perimeter where low-cost parking areas could be linked to the Central Area by frequent courtesy mini-bus services. At the same time charges at the Central Area car parks would be abolished.

The implementation of the scheme will be delayed until the use made of the new underground extension is evaluated. At present 38 per cent. of passengers using Heathrow come by private car, some 25 per cent. use airport coaches and 17 per cent. taxis. The underground is expected by the authority to cream off up to 30 per cent. This is likely to reduce the percentage using private cars to 32 per cent., airline coaches to 15 per cent. and taxis *to about 11 per cent.*

Scheme

However, while the proportion of people using road vehicles will decrease, Heathrow will continue expanding. The *present central complex, which* handles 24m. passengers at the moment, is likely to be used by 32m. passengers within a few years. With that expansion the road congestion could very well become as bad, if not worse, than it was before the underground extension was opened.

The scheme was originally outlined in a consultative paper published in April last year called "Heathrow: Keep Traffic Moving." The initial intention was to make progress with the early stages immediately. Thus the authority planned to place a Private Bill before Parliament in the 1976/77 Session to enable it to take over from the Department of the Environment that part of the M4 spur needed for the roadworks and for purchase of land on either side of the spur.

The Bill still has not been placed and the authority now *says that the likely date will be* the middle of 1979—if it is decided that the introduction of the underground has not made the scheme redundant. However, the paper warned that the placing of the Bill should not be left until the traffic problem had demonstrably worsened. "The *time taken for these Par*liamentary measures is too long to enable effective measures then to be taken. The remedy must be at hand when needed—not after the patient has died."

Under the scheme there would be entry/exit control points well before the tunnel to the central area. The ingoing motorist would have the choice at these controls of by-passing them and going direct to the north-side low-cost car parking areas from where he can finish his journey by courtesy bus. If *he decides to go through the* control he will have to take a ticket from a machine which records the date and precise time of entry.

Having received his ticket the driver will be free to use the central area roads and car parks free of charge. All the existing entry and exit controls at central car parks would be removed, thus increasing further the flow of traffic. The driver will be subject only to statutory controls such as waiting and loading restrictions. On exit from

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HEATHROW RAIL LINK III

Modernising the underground

THE LONDON underground is one of the most extensive in the world with about 140 stations. It is also one of the oldest, a substantial proportion being more than 100 years old and nearly all the rest having an age of more than 80 years. Accordingly, quite apart from new developments, like the Victoria Line and Piccadilly Line extension, a huge amount of capital has been required, and still is required, to keep the system operating effectively. Much money has been spent on new equipment, station modernisation, signalling equipment, rolling stock and tunnel maintenance. In the next 10 years London Transport proposes capital expenditure of £450m. on this kind of modernisation alone. This is quite apart from the proposed developments and extensions to the system that are on the drawing boards and could be carried out, given the political will.

One certain development is the opening of the Jubilee Line, formerly known as the Fleet Line. This event is likely to take place towards the end of next year and will relieve the overcrowding on the Bakerloo Line, especially between Baker Street and Oxford Circus, where 20,000 people travel one way an hour at peak where the maximum planned loading was only about 16,000. The new line, for which the tunnels have now been constructed, travels from Baker Street via Bond Street and Green Park to Trafalgar Square, which is to be renamed Charing Cross. The Jubilee Line will go on to Stanmore, taking the present Bakerloo tracks, while the Bakerloo will be confined to the tracks to Queen's Park, thus eliminating the present division of the Bakerloo Line at Baker Street.

Associated with the new Line, whose total cost is estimated at £80m. in 1977 terms and on which work has been progressing since 1972, there will be development of Bond Street and the new Charing Cross stations. New shopping facilities are planned above Bond Street, while the new complex of Charing Cross will take in the old station of the Strand on the Northern Line which has been closed down recently. The new Jubilee Line is planned to take about 10,000 people at peak an hour, while the Bakerloo will take about 11,000.

London Transport and the Greater London Council had also hoped to extend the Jubilee Line from Charing Cross to Thamesmead as a way of revitalising the docks area of East London. This scheme, which would cost £250m. at early-1977 prices has been temporarily shelved following the joint announcement a few months ago by Mr. Peter Shore, Environment Secretary, and Mr. William Rodgers, Transport Secretary, which said they did not see that a case had been made for the line. Despite this, the eastwards extension of the Jubilee Line is likely to be the next major project on the underground system, if and when there is a change in Governmental thinking. Both major parties on the GLC still regard it as an objective.

Terminus

The scheme first emerged in 1974 in a study of London rail possibilities. The extension would run from the new Charing Cross underground, through Aldwych to Ludgate Circus, Cannon Street and Fenchurch Street, connecting the last mainline British Rail terminus to the underground system. From Fenchurch Street the line would criss-cross under the River Thames, connecting both sides of Dockland with stations at Wapping, Woolwich and Thamesmead among others.

In the light of the Government's rejection of the eastwards extension of the Jubilee Line a number of alternative temporary measures to help East London are being considered and put in hand. The GLC has agreed recently to spend about £2m. on modernising the East London line from Whitechapel to New Cross and New Cross Gate, which is more than a century old. The Government has accepted that some of the cost will be met from the inner city revival scheme funds. In addition £3m. has been proposed to modernise the stations, including the installation of lifts.

A similar modernisation scheme, this time on the BR line from Stratford to North Woolwich, has been approved by the Government and the GLC. This will cost about £2m. and will provide for an interchange with the underground District and Metropolitan Lines at West Ham. There are also proposals to extend the North Woolwich-Stratford service over to the North London line using a little-used freight-line. If this scheme is carried through new stations would be built at Homerton, Hackney and Dalston on the freight line and a diesel service from North Woolwich would terminate at Camden Road, providing an interchange onto the Victoria and Northern Lines at Highbury and Islington. This scheme would provide a useful cross-suburban link for North-East London.

In the slightly longer-term there is also a proposal to build a new underground service from Stratford to Woolwich Arsenal, incorporating a tunnel under the river, which would act as a first stage of the extension of the Jubilee Line. The Custom House-Woolwich Arsenal would then be taken over by the Jubilee when the rest of the line was complete. This scheme would cost about £45m. at current prices £35m of which would be taken by the Custom House-Woolwich Arsenal section which could be taken from the cost of building the line from Charing Cross to Thamesmead later. This scheme is being discussed by the GLC, London Transport and BR and should be put to the Government by the middle of next year. At present the Government has not ruled it out.

Any other schemes are essentially very long-term. The 1974 study included proposals for a line from Chelsea to Hackney which would cost £300m. at early-1977 prices. Although it was designed to take pressure off the Mile End-Bank section of the Central Line, whose peak capacity of 20,000 an hour is stretched, the public expenditure climate is such that it is extremely unlikely that such a line could be built before the end of the century. It would, however, provide greatly improved transport facilities for areas in or near central London like Millbank and King's Road, Chelsea, which are poorly provided for at the moment. It would take over the Hainault via Newbury Park loop of the Central Line to Leyton, from where it would go to Hackney down to Old Street, Farringdon, Holborn, Aldwych, Waterloo, Millbank, Victoria, Sloane Square, King's Road to Fulham Broadway, from where it would take over the Wimbledon branch of the District Line.

Fraudulent

Another scheme that London Transport has put forward would have considerable impact on the passengers. This is for the fitting of automatic gates at all Underground stations at a net cost of £45m. London Transport estimates that fraudulent travel costs it about £6m. a year, or five per cent. of revenue, and this system would eliminate all such fraudulent travel, paying for itself within ten years. The new equipment would also be compatible with that which BR proposes to adopt over a large part of its commuter network in South-East England, thus providing opportunities for some extension of through booking.

Other changes that will be readily apparent to passengers will be the proposed introduction of new rolling stock, which as well as the Piccadilly and Jubilee Lines, will involve the District and Northern Lines. Within the next couple of years the 70 trains on the District Line will be replaced at a cost of about £1m. a train. The stock being replaced is 40 years old, five years past the normal life of an underground train. Many of the current problems of irregularity on the District Line are due to mechanical failures caused by age. New stock, with larger areas for baggage, is going onto the Piccadilly Line and the previous stock there, which is 15 years old, is going onto the Northern Line. The Northern Line is also getting new trains so that it can get rid of its 1938 stock completely.

David Freud

Delays

CONTINUED FROM PREVIOUS PAGE

the central area the driver will be required to produce the entry ticket and a charge will be made, based on the time which has elapsed between entry to and exit from the controlled area.

This system aims to divert traffic from the centre on the basis of choice rather than a form of priority and the authority believes that the best method of influencing this choice is the pricing mechanism. The scheme offers considerable flexibility, as the charging levels can be varied to match seasonal variations of traffic demand. It is also relatively cheap. The cost of installing the controls and all the road adjustments total some £2m. The authority also sees considerable advantages attached to the removal of controls from the central area car parks. "This improves traffic flows in and out of them, and the cost deterrent to parking off the roads is thus eliminated."

The system implies a considerable change in the cost of medium-term parking to those prevailing at the present time. The authority estimates that the charge for each vehicle currently granted free entry would need to be no more than 20p. "However, the use of pricing to deflect surplus demand will undoubtedly call for significant changes in the current charging levels, especially in the two- to four-hour bracket." So the current prices of 30p for two hours and 75p for four hours are likely to be increased substantially.

The ability to by-pass all controls would be limited to emergency vehicles in emergency circumstances, including fire appliances, ambulances, Salvage Corps vehicles, police vehicles, airport operations, and engineering vehicles and vehicles of the armed forces. The only other vehicles which would not be subject to control procedures would be those carrying the Royal Family or Heads of State. Special arrangements would be made to provide all these categories with unimpeded entry to and exit from the Central Area.

Exemption from direct payment would be extended to a wide range of vehicles. These include vehicles essential to the operational activities of the airport; for example, fuel tankers, catering vehicles, and Customs and Immigration duty vehicles; public transport vehicles, including all buses, most coaches and minibuses and London taxicabs; and vehicles belonging to airport staff entitled to park in the Central Area. There are also a variety of vehicles to which free access is clearly desirable. These include liveried local authority and public utilities vehicles on business, post office vans, AA and RAC liveried vehicles, breakdown trucks and vehicles driven by disabled persons.

David Freud

APPOINTMENTS

PUBLIC NOTICES

Hydrocarbon Technology Projects - Allocation of Funds

The Department of Energy wishes to draw attention to the European Economic Community scheme whereby under Regulation 3056/73 (published in the Official Journal of the European Communities on 13 November 1973) support may be given to technological development projects in the fields of exploration, production, storage and transport of hydrocarbons.

The closing date for applications under this scheme is 28 February 1978.

The Offshore Supplies Office, Alhambra House, 45 Waterloo Street, Glasgow G2 6AS would be glad to advise intending applicants on procedures. Please ring Mr. T. G. Crouch on 041-221 8777 extension 410, or Mr. P. G. Davies of MaTSU on 0235 24141 extension 2541, or Mr. P. M. Topley (CIP Division) at the Department of Energy in London on 01-211 3809.

Funds of approximately £20m per year are allocated to a variety of projects—mostly concerned with offshore technology—at rates of support up to 40%. This support is repayable in the event of the commercial success of a project.

Department of Energy

PUBLIC NOTICES

THE NEWPORT BOROUGH COUNCIL. £600,000 Bills maturing on 15th March 1978 were offered and issued on 14th December 1977 at an average rate of 6⁵⁄₁₆ per cent. p.a. Total applications for this issue amounted to £5,600,000 and there are £8,000,000 Bills outstanding.

H.M. LAND REGISTRY

LOST CERTIFICATE

It is proposed to issue a new Certificate to replace the one described below that is stated to have been lost or destroyed. Anyone possessing the missing certificate or objecting to the issue of a new one should at once notify H.M. Land Registry, Lincoln's Inn Fields, London WC2A 3PH.

Charge Certificate. Freehold Title Nos. 212515, LN47958 and SGL50155. Land at rear of Old Town, Buildings at rear of 59, Old Town, and land on S. side of Grafton Square, all London, S.W.4. Proprietor—Burston Finance Ltd.

LEGAL NOTICES

No. 004021 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of I.S.O. FREIGHT CONTAINER EQUIPMENT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 12th day of December 1977, presented to the said Court by FLEXI-VAN INTERNATIONAL LIMITED whose registered office is at 199 Strand, London, WC2R 1DR, a creditor of the above-named Company, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 23rd day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

CROSSMAN BLOCK & KEITH,
Imperial Life House,
Cross Lanes, London Road,
Guildford, GU1 1TG.
Ref: GF13. Tel: 0483 33511.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of January 1978.

No. 003917 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the matter of CHURCH STREET TRADING & COMMODITY BROKERS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 5th day of December 1977, presented to the said Court by WHYTE & MACKAY DISTILLERS LIMITED whose registered office is situate at Ravenscroft House, 302-304 St. Vincent Street, Glasgow C2 5RG, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 16th day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

COWARD CHANCE,
Royex House,
Aldermanbury Square,
London EC2V 7LD.
(Ref: AW 290 MJG.)
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of January 1978.

No. 004024 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MAXCLAN LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 12th day of December 1977, presented to the said Court by J. PORTER & COMPANY (ALDERSGATE) LIMITED whose registered office is at 173-154 Great Portland Street, London, W1N 6BS, importers of Textiles and Clothes, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 23rd day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

J. F. KELEMEN,
1a, Tenterden Street,
London, W1A 2BB.
Ref: LWE/MAH.
Tel: 01-629 9090.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of January 1978.

No. 003878 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of JOHN H. RAE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding-up of the above-named Company by the High Court of Justice was on the 30th day of November 1977, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 16th day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of January 1978.

LEGAL NOTICES

No. 004048 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ERILE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 13th day of December 1977, presented to the said Court by WEST OF SCOTLAND WEATHERPROOFS LIMITED whose registered office is situate at Cowlairs Industrial Estate, Finlay Street, Glasgow, Scotland, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 23rd day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SLOWES,
1, Shaddox Street,
London, W1R 0LR.
Ref: GJC. Tel: 01-173 4151.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of January, 1978.

No. 003951 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TOPGRADE DISCOUNT STORES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named Company by the High Court of Justice was on the 6th day of December 1977, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 16th day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of January 1978.

No. 004022 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HOWARD LYNDEN LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding-Up of the above-named Company by the High Court of Justice was on the 12th day of December 1977, presented to the said Court by COURTAULDS LIMITED trading as Burgess Ledward Fabrics, whose registered office is at 18 Hanover Square, London, W1, Textile Manufacturers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 23rd day of January 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

J. F. KELEMEN,
1a, Tenterden Street,
London, W1A 2BB.
Ref: LWE/MAH.
Tel: 01-629 9090.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of January 1978.

No. 003929 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of No. 003932 of 1977 BUSINESS & TECHNICAL SYSTEMS LIMITED, No. 003939 of 1977 AMICUS PRINTERS AND PUBLISHERS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies by the High Court of Justice were, on the 6th day of December 1977, presented to the said Court by the Commissioners of Customs and Excise of King's Beam House, 39-41 Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 16th day of January 1978, and any creditor or contributory of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing, in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41 Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petitions must serve on, or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of January 1978.

INTERNATIONAL APPOINTMENTS

COMPANY NOTICES

DIVIDEND NOTICE
TO THE HOLDERS OF
EUROPEAN DEPOSITARY RECEIPTS FOR
COMMON STOCK OF
SHARP CORPORATION
(SHARP KABUSHIKI KAISHA)
(Formerly Hayakawa Electric Co. Ltd.)
DESIGNATED COUPON NO. 37
(Action Required on or Prior to April 30th 1977)*

[illegible]

SOCIETE EUROPEENNE POUR LE FINANCEMENT DE MATERIEL FERROVIAIRE EUROFIMA
8½% 1976/1983 Loan of US$30,000,000

Bonds for a nominal amount of U.S.$1,000,000 have been drawn for redemption on November 30, 1977.

The drawn debentures are those included in the range beginning at 25830 up to 26829 inclusive.

They will be redeemed, coupon No. 3 and following attached, as from February 15, 1978.

Amount unamortized: U.S.$28,000,000 nominal.

Debentures bearing numbers 25351 to 25365 inclusive have been previously drawn and are still outstanding.

Luxembourg, December 16, 1977

Fiscal Agent:
KREDIETBANK
S. A. Luxembourgeoise

MEXICO

(United Mexican States)
U.S. $30,000,000 8¼% Bonds 1991

NOTICE IS HEREBY GIVEN that Bonds for a total of U.S. $1,250,000 nominal capital were purchased during the year ended 14th December, 1977 and cancelled pursuant to Condition 4 of the Terms and Conditions of the Bonds.

Fiscal Agent:
N. M. ROTHSCHILD & SONS LIMITED.
New Court, St. Swithin's Lane,
London EC4P 4DU.
16th December, 1977.

THE BIRMINGHAM MINT LTD.

NOTICE IS HEREBY GIVEN that for the year ended 1st April, 1978, an Interim Dividend of 1.5p on each Ordinary Share will be paid on Friday, 20th January, 1978, to all holders of Ordinary Shares registered in the books of the Company at the close of business on Friday, 23rd December, 1977.

By Order of the Board,
A. SINGER,
Secretary.

Entertainment Guide

CC—These theatres accept certain credit cards by telephone or at the box office

OPERA & BALLET

THEATRES

CINEMAS

[illegible]

CINEMAS ARE CONTINUED ON PAGE 25

The Management Page

EDITED BY CHRISTOPHER LORENZ

What can Europe learn from Japanese manufacturing? Max Wilkinson and Lynton McLain look behind the scenes at Sony and BOC

When Oriental clichés hide Western ways

THERE IS sometimes a touch of mediaeval superstition about the way in which British companies regard their more successful Japanese rivals.

The special advantages which Japanese companies seem to have are thought to be, if not actually supernatural, at least difficult to comprehend and in a very basic sense "unfair."

Odd practices in factories such as singing company songs, and regimented physical exercises, are often used as examples. More thoughtful analyses try to describe the special group psychology of the Japanese, their corporate spirit and the oriental capacity for hard and monotonous work.

Even to-day, when the high quality of Japanese products is generally recognised, discussion tends to centre around the ways in which Eastern goods have become cheaper, and sometimes "unfairly" cheaper than competitive products in the West.

It is therefore worth considering that there are a number of Japanese companies which have achieved phenomenal growth rates by using predominantly Western-style methods of management and finance.

One very interesting example is the Sony Corporation, which has grown from a tin shack operation after the war to become one of the world's leading producers of high quality television sets, radios and audio equipment.

Sony's success in building up an annual turnover approaching £1bn. has been based on a principle which is almost the opposite of the stereotype of Japanese industry during the last decade.

Far from being "cheap and plastic," Sony has always cultivated a reputation for making relatively expensive but reliable products. This has been a carefully laid strategy of the founders, Mr. Akio Morita and Mr. Masaru Ibuka. It is not very different from the quality image which was pursued for decades by large parts of British industry.

Another major difference from the Japanese stereotype is that Sony is not heavily dependent on bank loans for its finance. It is therefore a genuinely independent company and to a large extent is outside the mysterious circles of influence which bind other companies to the big banks and to Government policies.

Its recruitment policy has also been subtly different from that of its competitors, though it embraces the general Japanese view that a good company is a family which offers "lifetime employment." On the other hand Sony has unashamedly poached talented engineers, salesmen and managers from its rivals by the straightforward American method of offering higher pay and better prospects.

Forefront

On research and development, too, Sony has a rather Western attitude, preferring where possible, to be in the forefront of invention, rather than to imitate or exploit other peoples' techniques. Thus Sony was the first company to develop the use of the transistor for consumer products; it made an independent start in the tape recorder market, and later produced a colour television tube. This was the Trinitron, which operated on markedly different principles from those first developed by RCA in America and others.

Indeed the research of Sony and other Japanese consumer electronics companies has been so successful that there has been a complete reversal of roles vis a vis competitors in the U.S. and Britain. It is now the British and even the American companies which have to copy designs and innovations originated in Japan.

Sony's management style has also developed in a way which looks remarkably Western, with a combination of rapid decision taking at the top (by Japanese standards) and considerable efforts to devolve responsibility to department heads.

Yet in many ways the company appears utterly Japanese. For instance, everybody, from the chairman downwards, wears identical overall jackets. Mr. Morita, the chairman, whose jacket seems to be somewhat better pressed than anyone else's, says the purpose of wearing overalls is to show that the company still has its roots in manufacturing.

On the shop floor, too, Sony uses techniques which most British managers would regard as unacceptably naive. For example each team or production unit of workers has to think up a slogan about productivity or performance every month.

The results of these efforts are judged by a panel of workers which awards coloured counters on the traffic light principle—green for the slogans with most go, red for those which seem to be halting, amber for those in between. The teams compete on a prominently displayed league table.

This example shows the meticulous attention to detail which is a mark of the Sony management, but it is clear that there is nothing magic about the actual techniques used for winning the workers' loyalty.

The company found when it set up a factory in San Diego, California, five years ago that a quite different approach was called for. The style of work there is similar to most other U.S. companies. Mr. Mike Morimoto, the assistant plant manager, says he does not like compulsory uniforms or too much regimentation of the workforce, yet productivity in San Diego is said to be "almost equal" to that in the equivalent plant in Japan.

Similarly, the productivity at Sony's factory in Bridgend, South Wales is reckoned to be comparable to that achieved in Japan, although no extraordinary methods are used.

What, then, is the key to the success which led to a quadrupling of sales during the present decade in both television and the high-fidelity sound products where Britain used to be pre-eminent?

The answer to that question must begin, as with all other successful companies, at the top. Perhaps the most significant fact about Mr. Ibuka, the honorary chairman, and Mr. Morita, the chairman, is that both are highly qualified electronic experts with a love for innovation. While Ibuka remains fascinated by inventions, Morita threw himself into marketing.

Dr. Makoto Kikuchi, a former lecturer at the Massachusetts Institute of Technology, who is now head of Sony's research team, explains: "All the top people here are very interested in engineering problems, but in the U.S. you find that many of the top executives are almost ignorant of technical questions."

It is the integration of research, marketing and policy making at the top which has enabled Sony to be so successful in exploiting a consumer market which in the words of the President, Mr. Kazuo Iwama, is "an interesting combination of fashion and technology."

The company's pursuit of this combination is reflected in the way it organises its research and development. This department is always working towards new products which can be produced at the right price. Even basic research, for example, into semi-conductor technology, is always being funnelled towards a specific target.

Sony's research has at times ranged fairly wide, but the company has nevertheless confined its sales efforts to, as Mr. Morita puts it: "doing well what we know best."

"subtly different recruitment policies"

Temptation

Thus the company got out of the calculator business, although it was one of the first to have a machine on the market, and it has resisted the temptation to diversify into related fields of domestic equipment. By the same token growth has been internally generated and did not depend on acquisitions.

The present good health of the company is very largely due to a combination of careful long term thought about the market and to intensive research effort.

Some five years ago top management anticipated the time when the colour television market would become saturated. Morita spent much of his time thinking about what must come next.

As a result Sony put a major research effort into developing its own version of the video tape recorder, first marketed by Ampex in the U.S. Sony came up with a machine for professional use which used narrower tape, a very important consideration where large footages are recorded. It then went straight on to develop the Betamax video recorder for home use.

The Betamax is now in full production in Japan, and 300,000 units have so far been sold, 60 per cent. in Japan and 30 per cent. of them in the U.S. Last year the new product accounted for only about 10 to 12 per cent. of the company's turnover, but this is expected to rise to about 25 per cent. in the next five years.

The next phase of research effort will be aimed at a steady reduction of costs of perhaps 30 to 40 per cent. over the next five years.

And after that, what next? The laboratories are strongly committed to the international race to produce the first low price colour television camera based on solid state technology. When this is available, home movies will not have to be processed but could be shown straightaway on the family's television.

This would result in the opening up of a completely new market in home entertainment, plus an increased push to the sales of video recorders and even possibly of the smaller domestic television sets. Other possibilities, like the tape recorder which does not need tape but instead uses solid computer type memories, are still pie in the sky.

But perhaps the main lesson of Sony for European and American companies, is that stargazing backed by energetic research effort has become progressively more important compared with mere efficiency of production.

At the same time the costs of research are accelerating. For example, an electron microscope, needed for the next generation of miniature electronics, costs about $3m.

The interesting challenge for the future is about how top managements can provide the vision and the marketing horse sense to ensure that these enormously expensive research tools are accurately focussed on future public demand.

M.W.

Breaking British shackles on engineering innovation

SAYING the Japanese at their highly successful technology war game has never been easy. But at least one British company is trying to hit back by using the same weapons as the Orientals.

Mr. Andy Ray, chief executive of the £57m.-a-year engineering division of BOC, the industrial gases group, is convinced that one of the least realised reasons for the success of Japanese industry is that individual engineers are given considerable freedom to make a personal contribution.

His views are based partly on experience of a high-technology joint venture company which BOC set up in Japan five years ago with a ... oxygen company, Nippon Sanso. As well as fighting the competition on its own terms on particular product lines, the purpose of the new company was to gain more general experience of the Japanese way of business. This approach is now paying dividends.

All too often companies fail to give their engineers sufficient status or understanding to encourage them to use their talents to the full. This may lead to an unquestioning attitude to established ideas, as engineers battle with day-to-day problems, rather than thinking about the implications of their work or create new ideas.

For the past two years, BOC's engineering division has been trying to cope with this problem by encouraging its engineers to think strategically. When an engineer comes up with a bright idea, he or she is "plucked out" of routine work, made directly responsible to the technical director, "and encouraged to prove an idea in practice." The company says it has not found a method of giving financial reward to these efforts that would be fair to everyone, so the only incentive for the individual is personal satisfaction.

One result of the new approach was the innovation by a girl engineer which reduced the production time for a gas nozzle, in a field where techniques had not changed for ten years. Her normal duties included running safety committees and planning the layout of new factories. In one investigation she found a production bottleneck, and then thought of a possible way of removing it. Her duties were rearranged to allow her to concentrate on the problem, design her own test rig and supervise a development programme.

Another change arising from the division's experience of Japanese industry required engineers "to forget outmoded concepts from the old school of engineering production practice."

Traditionally engineers were taught to achieve maximum utilisation of machine tools. But high utilisation of one machine can lead to slow progress of work through the factory, poor utilisation of other machines and under-used and bored people.

Pertinent

This is especially pertinent in batch production, the mainstay of the engineering division's activities, since the value of stock and work in progress often exceeds the value of the machines. "All that is needed from a machine is a 'satisfactory' return rather than the highest possible," says Mr. Ray. He now believes that it may be possible for a machine to be used for 50 per cent. of the time and yet remain viable.

The engineering division was forced to examine its own engineering practices seven years ago in the face of Japanese threats to its business. There was particular anxiety about a high technology subsidiary, Edwards High Vacuum, which nearly went to the wall.

To reverse the fortunes of the vacuum business, and to get a first-hand inside view of Japanese industry, BOC set up Nissan Edwards Shinku KK, in Tokyo. Sales of high vacuum equipment to Japan now top £1m. compared with zero five years ago.

The indirect benefits of sitting in the front of Japan's industrial garden may be even greater.

Most of the products from the engineering division do not lend themselves to mass production. "We had to find new ways of producing products in batches," says Mr. Ray.

BOC gas equipment is needed by industry in large volumes, but steady demand is rare—a situation which has traditionally forced batch producers to miss the advantages of mass production.

The company's engineers produced a novel solution, combining a basic level of mass production for some products with batch output for others, and to meet peak demand. Marketing staff set a target for the minimum viable mass production level for one type of gas regulator, for example. A production line was set up for this, while the other products, plus any additional demand, is met by a separate low-volume production area.

The aim has been to revise Japanese mass production methods for batch products, in order to benefit as far as possible from the economies of mass production.

It is not only short runs and long lead times which characterise batch work in many traditional factory operations. Paperwork is normally extremely burdensome and can itself contribute to the problem of excessive stockholdings and work in progress.

In the Japanese-inspired approach at BOC, the paperwork associated with the progress through the factory of raw materials and semi-finished products has been eliminated. Instead of each stage being documented, with a subsequent slowing of production, the division has only two basic control procedures. The raw material is weighed at the start of the production cycle, and the finished components are counted after sample inspection and on-line testing.

Another major shift of direction learnt from the Japanese concerns attitudes to qualified and non-qualified people. Japan has a highly competitive approach to education. But those that do not shine in their youth are encouraged to try in later life.

BOC has tried to avoid the common practice of concentrating almost exclusively on graduates and engineers. "We are working out a dual career pattern. Many of our staff may feel uncertain about the relevance of their skills." They are encouraged to switch their fields and to further their education. The engineering division offers scholarships to anyone who cares to apply. Preference is given to those without formal qualifications. So far ten non-graduates out of the 5,500 workforce have been accepted for degree courses.

Some of these production line developments may seem obvious, says Mr. Ray, "but the fact is that they are not done in the majority of British engineering companies." He has good reason for his scepticism. During the summer, the Automatic Small Batch Production Committee of the Department of Industry organised visits to foreign competitive countries, including Japan. Out of dozens of possible representatives from Britain's batch products industries, who were invited to see Japanese factories, only British Oxygen accepted.

Mr. Ray blames this lack of interest on the needs of the moment. Many companies in engineering, he said, are forced to take a short term view "just to stay alive." BOC's engineering division, by contrast, has learnt fast from the Japanese, he maintains. New techniques have helped reduce lead times in batch processes from between three and six months to a similar number of weeks. Four years ago it took the company three weeks to produce a cylinder valve, from raw material to finished product. Now it takes one day.

L.M.

Business book

Government, Business and Labour in European Capitalism, by Richard T. Griffiths. Europotentials Press. Price: £9.50. This book contains papers presented at the 7th Annual Conference of the University Association for Contemporary European Studies and deals with key areas of current economic policy concern.

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Targets still to be set

THE LETTER sent by the Chancellor to the International Monetary Fund, contains one or two significant but expected omissions, one or two interesting ambiguities but no real surprises. Mr. Healey describes the progress made in the past twelve months towards the aims he set out in his letter to the Fund last December. He points out that his object now is to enable economic growth to be resumed and suggests that growth at an annual rate of about 3½ per cent should be possible between the second halves of this year and next if earnings can be kept within the 10 per cent. guideline. This, he thinks, will be compatible with the achievement of a significant current account surplus both this financial year and next: and like the Bank of England, he considers that a current account surplus will be needed "for a number of years."

Three broad assurances are given. The U.K., as before, remains opposed to general restrictions on trade while reserving the right to impose temporary restrictions in particular hard cases. It is determined to make a full contribution to the expansion of world trade but maintains that its ability to do so will be limited by the readiness of other countries to expand demand and open their markets.

Next spring

In its approach to the exchange rate, finally, the U.K will follow a flexible policy designed both to preserve the competitive position of British industry and to maintain monetary guidelines — a reconciliation of the irreconcilable which is implicit in previous undertakings to the Fund and which, whether by good luck or good judgment, has recently been performed with some success. "In other policies which affect the exchange rate," the letter inscrutably remarks, "the Government will take account of these objectives." One must assume that the main aim of this sentence is to leave future exchange control policy completely open.

The general effect of the new letter, however, is to postpone major decisions to next spring. The inflow of foreign exchange has made the original undertaking about domestic credit expansion easy to fulfil and it is now extended to the first quarter of 1978-79. The public sector borrowing requirment has also been kept down by cash limits, buoyant revenue and the surpluses of the nationalised industries, so that the figure for 1978-79 mentioned in last year's letter can still be left to stand. No money supply targets were given in that letter and no new ones are given now. While stressing the importance of firm monetary control, the Chancellor means to leave next year's target — like the decision about fresh tax cuts — until he has seen how earnings move in the meantime. By the time the IMF makes its next formal visit in May, he will also have decided whether to continue or not with the stand-by credit.

Money policy

If he decides not to continue it, these commitments to the Fund will no longer be binding. Yet his references to the need for firm control of the money supply have been so firm, both in this letter and elsewhere, that they deserve to be taken seriously. The question is, how firm is firm? The fact that the pressure of foreign funds pushed the growth of sterling M3 beyond the target range for a short time is not in itself of great importance. The figures for the latest banking month which were still affected by foreign inflows, show that growth was much smaller and that the annual growth rate since mid-April has been just under 13½ per cent. against the target of 7-13 per cent.: recently moreover, sales of gilt-edged have been buoyant. But there may be practical difficulties as well as theoretical advantages in moving to a more flexible system of targeting next spring. This as well as the need to reduce the rate of inflation further, seems to lie behind the Bank of England's anxiety that fiscal and monetary policy should be determined together.

Japan's missed opportunity

WHEN Mr. Takeo Fukuda, the Japanese Prime Minister, reshuffled his Cabinet at the end of last month he was said to be preparing the way for a more realistic and vigorous attack on the trade and economic problems which were bedevilling relations with the rest of the world and especially with the U.S. This hope was encouraged both by the wholesale nature of the reshuffle and by the known ability of several of the new Ministers, although in the last resort it would be the courage and determination of Mr Fukuda himself which would be put to the test. In the event the package of measures which the Cabinet agreed upon falls well short of what was required—at least on the basis of the information so far released in Tokyo and Washington Mr Fukuda appears to have lost an important opportunity, with potentially damaging consequences for world trade.

Tariff cuts

The rest of the world has been looking for action on two fronts—first, reduction or elimination of tariffs, quotas and other administrative obstacles to imports, and, second, a stimulus to the economy which would help to reduce the country's embarrassingly huge trade surplus. A large number of tariff cuts have now been announced and some of them affect industrial products of particular interest to American and European exporters. But in a good many cases the reduction is a matter of one or two percentage points only and the effect on the price competitiveness of imports is likely to be trivial.

More important, Mr. Fukuda has apparently felt unable to make a really serious attack on the protectionist barriers which shield parts of Japanese agriculture. Some tariffs are to be cut and some quotas enlarged, but the domestic beef and fruit industries have succeeded in warding off major concessions. The psychological effect of a far-reaching liberalisation in farm products would have gone a long way towards convincing sceptical outsiders that Mr. Fukuda at last meant business. The fact that such concessions have not been forthcoming will tend to increase Japan's isolation.

Japan is not unique in having powerful industrial lobbies and it should not be forgotten that the country is facing serious economic difficulties which are not all of her own making. The appreciation of the yen—together with the protracted domestic recession—has led to a sharp increase in the number of bankruptcies. The Japanese, like the Germans, have some grounds for complaint about the Carter Administration's policy, or lack of it, towards the U.S. balance of payments and the consequent weakness of the dollar. Moreover, from the truculent tone of some American spokesmen, the Japanese may be forgiven for thinking that they are being asked to do the impossible and are being made the scapegoat for everyone else's failings.

Nevertheless, Japan does play a vital role in international trade; the success of her exporting industries has been partly responsible for the growth of protectionism throughout the world and especially in the U.S. The concessions which President Carter has already made to the American steelmakers are an ominous sign of what could hap pen in other industries unless protectionist forces are checked That is why Japan needs to go much further in import liberalisation.

Mutual suspicion

It was quite clear from this week's discussions in Washington that the U.S. and Japan are still far apart on trade issues. The only major step the Japanese have taken, as the Carter Administration sees it, is the commitment to a 7 per cent. growth rate in fiscal 1978, which starts next April. This compares with an estimated 5.3 per cent. growth in the present fiscal year, against the earlier target of 6.7 per cent. In other respects, the U.S. Government remains highly sceptical about Japanese suggestions that the trade surplus may be eliminated within two years.

An atmosphere of mutual suspicion will make it all the more likely that the U.S. and other countries will take unilateral action to protect their industries. The Japanese Government must think again.

Swan Hunter's dispute could do no end of good

BY CHRISTIAN TYLER, Labour Editor

THE POLISH ships order has caused all kinds of unplanned and unwelcome repercussions for the Government since the order was proudly announced by the Prime Minister at the Labour Party conference.

A Conservative attack on the terms of this subsidised deal was comfortably beaten off in the House of Commons on Monday night. More seriously however, the newly nationalised industry, British Shipbuilders, its unions and even companies unconnected with the deal have suffered from the bad overseas publicity about the industrial dispute at Swan Hunter that has led to the reallocation of some of the ships.

Yet in one way the Poles may have done British shipyards a favour, whose beneficial effects may be felt long after the 22 ships and two crane barges have been built and delivered.

The strict terms of the £115m. deal were instrumental in exposing not just a dispute at Swan Hunter, but in highlighting the long history of hostility between two sets of skilled shipyard workers—the steelworkers of the Boilermakers' Amalgamation and the outfitting tradesmen of the other craft unions—and a well-established game of leapfrog played by all groups of workers.

So damaging was the publicity felt to be to British Shipbuilders' promising national discussions with union leaders, that a conference of all unions has been quickly called for early next year to try to unravel the pay bargaining muddle that has set shipyard workers against each other for as long as most of them can remember.

At Swan Hunter itself the prospect of salvaging at least four of the seven Polish ships earmarked for its yards could quite quickly settle the present local dispute about disparity of earnings between boilermakers and outfitters — a dispute, incidentally, that goes back two years.

To-day the national statutory Central Arbitration Committee (CAC), meeting in Newcastle, is due to hear an appeal by the aggrieved outfitters for a pay rise of about £11 a week that would give them more than parity with the boilermakers.

Because of the terms of Parliament's 1946 Fair Wages Resolution under which the CAC is empowered to make awards regardless of government incomes policy, the outfitters probably cannot claim parity with boilermakers as such. What they can do is ask the CAC to compare their earnings with those of outfitters in other yards. They have drawn up a list which claims to show that the average of total pay in six other yards is £76.94 for a 40-hour week, while theirs is only £65.82.

The CAC will have to determine whether this claim fits the purpose of the Resolution, which is to ensure that firms on government contract work are paying the "going rate."

But the CAC hearing is not the only reason for hopes that the Swan Hunter overtime ban will be lifted. More encouraging still is that the boilermakers' shop stewards have joined a round of discussions between the management and outfitters, at which a number of suggestions have been made for satisfying the outfitters when their current pay agreement runs out at the end of the month.

Swan Hunter, while probably no less adept than many other shipbuilders at maintaining labour peace, does suffer or has suffered in the past, from most of the problems which have given the industry one of the worst of strike records.

The problems can be listed as follows: competing claims from craftsmen for first place in the wages league, multiplicity of rates within groups, multiplicity of settlement dates, strict demarcation lines, complex bonus arrangements, animosity between groups and lack of clear industrial relations policies. As a recent report by the Advisory, Conciliation and Arbitration Service (ACAS) on Swan Hunter makes clear, most of these problems are historical.

For example, the parity issue dates back to the days when all steelworkers were paid piece rates; that made them undisputed kings of the yards. As technology changed and working conditions of steelmen improved and as piece rates were phased out, many yards came to believe that there was no longer any logical reason for such preeminence. A majority of yards have now achieved comparability of earnings between steelworkers and outfitters, as the figures produced by the Swan Hunter outfitters seem to prove.

But that parity has been very difficult to achieve. The Boilermakers Amalgamation fought hard locally and nationally to maintain its position—a policy which shows signs of softening now that Mr. John Chalmers has taken over from the late Sir Danny McGarvey as the union's leader.

But the tradition is bound to die hard on the shop floor, even if union leaders agree that it is no longer sustainable. The problem is complicated by the fact that the Boilermakers have during the last ten years made considerable concessions by removing old job demarcation lines. Managements have been trying to narrow the pay lead of steelworkers, but at the same time they have been keen to buy out restrictive practices. The process began at Harland and Wolff more than ten years ago. It was completed this year when Cammell Laird became the last major shipyard to conclude a flexible working agreement.

Inevitably, the steelworkers did well out of such payments, and although the outfitters and ancillary workers have made similar concessions, in many yards "flexibility" for them is more difficult to achieve.

For example, it has been relatively easy to persuade the man who cuts out the ship's plates to weld them together, and to persuade the welder to cut plates. But does it make sense for the electrician to turn his hand to carpentry? By process of amalgamation the various steel trades have been brought together in one union, but the electrician belongs to the Electrical and Plumbing Trades Union, the carpenter to The Union of Construction, Allied Trades and Technicians (though these two unions are in merger talks at the moment, as are the Boilermakers and the General and Municipal Workers Union, which represents shipyard ancillary workers.)

There is little doubt that Swan Hunter itself has been trying to close the pay gap over the years as part of a general process of tidying up wage rates and bargaining units since the 1968 merger which made the present Swan Hunter group. But, as the ACAS report makes clear, most of the other workers are deeply suspicious that the management has favoured boilermakers at their expense—possibly because the Boilermakers' head office is only a few miles away in Newcastle.

Another example of the problem is provided by Cammell Laird. After a dispute this year the Boilermakers there went to the Central Arbitration Committee (as the Swan Hunter outfitters are now doing) with a pay claim. They got the rise, but on condition they ratified a flexible working agreement. All seemed well. But the effect of the Boilermakers' success at the CAC was to put them about £8 a week ahead of the common craft rate. In other words the gap opened again—and now there are eight or nine "fair wages" claims from other groups of workers.

The fact that the majority of yards have comparability of skilled earnings and that all have secured flexible working proves that reform is possible. Reform will be greatly helped by the unions' genuine determination to make the newly-nationalised industry a commercial success.

Historical grievances may thus be assuaged, but the process is not being helped by the Government's pay policy.

The current incomes policy, which the Government is trying to apply firmly, has caused great unrest in the shipyards generally. It is not so much the 10 per cent. earnings limit itself. Workers at Govan and Harland and Wolff have expressly acknowledged that the industry cannot afford more in its present plight. What has angered them is the Department of Industry's attempt, through British Shipbuilders, to tie pay settlements down to 8.5 per cent. after Govan workers achieved 10 per cent. and Sunderland Shipbuilders 9.7 per cent.

Shipyards are not allowed to make an offer to their workers without approval of the offer by the Department. In the last two cases, company offers have been pruned back to the 8.5 per cent figure, regardless of the companies' individual profitability. This has meant considerable delays in negotiations, and infuriated some managers as well as unions, and is probably vexing some members of the British Shipbuilders management.

There are other important industrial relations questions for the industry to tackle in the next few months, and British Shipbuilders can't spare the time off from pay matters.

Discussions with the Confederation of Shipbuilding and Engineering Unions on a new redundancy scheme are well advanced, and a document is expected early in the New Year. British Shipbuilders has promised to fight for orders to avoid closing yards and not to seek compulsory redundancies among its 85,000 workers. But the Government has introduced the enabling Shipbuilding (Redundancy Payments) Bill in case of need. Final figures have not been attached to the scheme, but the Confederation is unlikely to ignore the British Steel Corporation's £5,000 payouts to men of long service—a sum which could go as high as £8,000 or £10,000 for redundant workers in future.

Ministers attach great importance to another set of discussions — the development of worker participation in shipbuilding. The Act setting up British Shipbuilders in July this year demanded "organic development of industrial democracy."

But perhaps the most fundamental issue remains that of wage structure. Mr. Chalmers's prescription of new structures and common settlement dates within each profit centre appears to be British Shipbuilders will be the main item at the Confederation's conference of union leaders from all the yards early next year.

A national wage structure and a single pay date are a long way off. But British Shipbuilders, pushed along by desperate need for orders, appears to be moving quickly down the road to industrial reform. After all, it has taken British Leyland another product of mergers, five years to get to roughly the same point.

WAGES AT SWAN HUNTER AT END APRIL 1976

(in £s)

BOILERMAKERS GROUP A		OUTFIT TRADES		ELECTRICIANS		ANCILLARIES GROUP G	
Company min. rate	46.04	Company min. rate	43.44	Company min. rate	43.14	Company min. rate	3?.87
Bonus earnings	14.82	Fixed bonus	8.48*	Fixed bonus	7.73†	Productivity payment	
Trade allowance	4.80	Plus	1.89	Plus	2.92	Fixed	3.78
		Pay policy supplement	4.80	Attendance pay	.75	Other	.87
				Pay policy supplement	4.80	Flexible working	1.22
						Supplementary bonus	4.28
						Pay policy supplement	4.60
TOTAL:	65.66	TOTAL:	58.81	TOTAL:	59.34	TOTAL:	52.62

* This figure includes £2.23 for flexible working.
† This figure includes £1.75 for flexible working.
● Working conditions payments are excluded. ● All bonus earnings given are for a 40 hour week. ● Since 11.6.76 boilermakers received an additional wage supplement of £3.70 per week.

Source: Swan Hunter

CURRENT ESTIMATED TOTALS: Boilermakers (group A): £74.50; Outfit trades: £67; Electricians: not available; and Auxiliaries (group G): £59.

MEN AND MATTERS

Ticking time in town

Motorists with time on their hands in London's solid traffic jams are receiving some free reading matter. The GLC's planning and transportation department has been handing out 50,000 questionnaires, asking drivers where they have come from and where they are hoping to go. I notice that none of the questions allows you to say how long the journey has taken or whether you have been tempted to give up in despair.

To reduce the number of drivers likely to accept the GLC forms at one window and swiftly throw it out of the other, it is headed "Traffic Survey with Prize Draw." Lucky respondents will be given tickets to the Royal Festival Hall—the lure of which guarantees a 25 per cent. return, according to a GLC spokesman.

This dissemination of paper to unsuspecting travellers will be renewed in the spring, in the survey's second phase. The questions, I can report, are "part objective and part subjective" and should elicit data about travel patterns and parking needs.

Clearing merchant

One of the indirect effects of North Sea oil, talk of devolution and the resurgence of nationalist feeling in Scotland has been a subtle rise in the influence of the Scots in the National Commercial Banking group.

Scottish dominance was further enhanced when Williams and Glyn's—essentially the Sassenach side of a 1970 merger that involved the Royal Bank of Scotland and the former National Commercial Bank—had its wings somewhat clipped when its expansion programmes turned sour three years ago.

It is against this background that Dick Lloyd, chief executive of Williams and Glyn's, has decided to leave the clearing bank business and go over to merchant bankers Hill Samuel. It was announced yesterday that he will become an executive deputy chairman, and head of the bank's U.K. division in February.

Only 49 years old and with 15 years before retirement in his present job, he told me that he was willing to give up "the sheer volume of paper work involved in the clearing bank business" when Sir Robert Clark, group chief executive of Hill Samuel, proposed the new post to him. He will, however, remain on the Williams and Glyn's Board as a non-executive director.

Cut to the rind

Saving a last-minute reprieve from Brussels, there will be no more New Zealand cheese allowed into Britain after New Year's Eve. This might seem unlikely to cause much emotion in a club such as White's, where they incline to ripe stilton, but one member was decidedly unhappy when I mentioned it to him yesterday. "I always buy New Zealand cheddar," said Lord Ballantrae, "and their butter, too." Of course, as a former governor-general of that distant Commonwealth country, the monocled Ballantrae admits he has a sentimental attachment to its dairy produce. "My father and two grandfathers were also governors-general," he adds. "It's been a wonderful racket, d'you know."

But there is rather more to life peer Ballantrae than wearing fancy uniform in the old dominions. Better known as Sir Bernard Fergusson, he has combined authorship of a dozen books with a military career and chairmanship of the British Council until this year. He argues: "It must be stupid for Britain to be cutting itself off from the most efficient butter and cheese producer in the world." He believes that Britain should fight much harder for New Zealand in the EEC: "After all, their whole raison d'etre for 100 years has been to supply us with food."

So, resigned but sad, his lordship will be getting in a good stock of the antipodean cheddar this Christmas, against the day when the EEC guillotine falls.

"When it comes to saying nothing there is no one better than Sir Harold."

Gallic gallops

The French male loves to think of himself as athletic: any open space around town is packed at the week-ends with track-suited citizens pounding round the keep-fit course. Country lanes are dense with suburbanites bent over handlebars.

This week-end all this activity comes to a serious—or almost serious—climax. For on Saturday and Sunday, the world's biggest cross-country race meeting takes place in the Bois de Boulogne—the famous "Cross du Figaro."

The Figaro newspaper first started sponsoring its annual cross-country race for amateurs some 15 years ago, when around 3,000 people signed on. This year the series of events which stretch over 13 hours will see around 25,000 competitors of all shapes and sizes sliding, slithering, straggling, stumbling, panting and puffing around the 6 km. course.

The most popular event is the Corporation Cup—for teams of ten people—which turns inevitably into a somewhat creaky stampede. One of our Paris correspondents, David Curry, allowed himself in a weak moment well ahead of the event to be enlisted for the Dark Blues in the Oxford-Cambridge contest which is part of a private Anglo-Saxon war within the Corporation Cup. If he wins, we will tell you.

Dry humour

Ceremonies for the inauguration yesterday of the £190m. Bahrain-based drydock, for the Arab Shipbuilding and Repair Yard company, all went more or less to plan. The tantalising factor was the presence of Sheikh Rashid of Dubai, owner of the Gulf's rival drydock.

Verses from the Koran were read and speeches made before the two Rulers present, Sheikh Isa of Bahrain and Sheikh Rashid, simultaneously poured holy water from Mecca out of silver ewers into the concrete dock and over the bows of the tanker Mobil Pride. The original plan had been for Sheikh Isa alone to pour the water, but Sheikh Rashid's decision to attend meant he too had to be involved.

Given that Dubai had left OAPEC because the drydock was placed in Bahrain and decided to build a bigger and better complex of its own—without any managers as yet—the reason for his appearance puzzled everyone. A senior diplomat eventually suggested it was Sheikh Rashid's idea of a joke.

Observer

BY MALCOLM RUTHERFORD

The main parties change their sex appeal

OVER THE past few months there has been a curious reversal of roles between the two main British political parties. The Tories have become the intellectual party. Labour, under Mr. Callaghan, has become the safe party.

That timescale is perhaps unfair to the Tories. The Tory transition from at least posing as the stupid party of British politics to becoming the party of the intellectuals goes back at least a decade—to the assumption of the leadership by Mr. Edward Heath and, arguably, to the foundation of the Bow Group in the 1950s. But as for Labour taking up the mantle that the Tories had cast off, that is relatively new. At least, it is sufficiently new for the Tories not to have fully realised what is happening.

For example, if one were to put the suggestion of the Tories as the intellectual party to Sir Keith Joseph or Sir Geoffrey Howe, the reaction would be first surprise, then disbelief, and finally a lament about how much further there is to go. That perhaps is a measure of the problem: they are looking for complete solutions, rather than the Labour Party in the ...

And yet, however one defines intellectual, it seems unmistakable that the intellectual mood of the country has changed. It is ... of the universities where Sir Keith draws capacity crowds and can no longer expect always to be howled down. Indeed some of the university Conservative associations are reporting a doubling or even tripling of membership.

There has also been a striking devaluing if not of the language of socialism, at least of the language of Labour governments. There are certain phrases which a non-partisan audience finds it impossible to take—and many people find impossible to use—with a straight face. "Polish shipbuilding" is perhaps the latest example. It is likely to go the way of the "commanding heights," the "need for more socialist measures," or "sanctions are beginning to bite."

There is, in short, no longer a disposition to believe that Labour is right, or that Labour will always have the better of any intellectual argument. One has only to contrast this with the mood of the late 1950s and early 1960s to realise the extent of the change.

Tarnished

Some of the explanations, of course, are obvious enough. In part, Labour has simply been tarnished by office. There may have been, too, a generational swing away from the ideas of immediate predecessors. But the charge has also been reflected in the personalities on the two front benches, and it has been particularly noticeable in the past year or so.

Until recently, it was generally accepted that Labour had the intellectually more high-powered team. To-day it is more questionable. Mr. Crosland has died, Mr. Jenkins has gone, and the successors have yet to come up to the mark. Mr. Roy Hattersley, for example, gives lectures about Social Democracy, but believes that what is happening in Sweden is of no relevance to Britain—an oversight that would never have been possible for Mr. Crosland. Dr. David Owen, meanwhile, defends the British independent deterrent on the grounds that it gives us a seat at the top table when it comes to disarmament. It is not the stuff of which Gaitskells were made.

The Tories look different. It is not only Sir Keith and Sir Geoffrey. There is also Sir Ian Gilmour who has just published a book about the nature of Conservatism: it is true that much of it consists of a selection of quotations, but some of them are very erudite. Again, there is Mr. James Prior, who may look an easy-going sort of chap, but who is not devoid of ideas—nor of courage, come to that. There are others in the wings, some of them discarded by Mrs. Thatcher, but who may yet come back: Mr. Peter Walker especially, and Mr. Heath perhaps. Not least, there are the background advisers such as Mr. John Biffen or Mr. Angus Maude. It would be hard to accuse any of these people of being unintellectual; indeed most of them are positively bursting with ideas.

Something of the potential danger arising from such an array of individual talents seems to have been foreseen in a decision to try to limit the number of Tory policy statements. One of the mistakes of the Heath opposition period (1966-70) is now thought to have been a tendency to rush too often into print with detailed recommendations. It is notable, by contrast, that both *The Right Approach* and *The Right Approach to the Economy*, which will form the basis for the next election manifesto, seek to avoid detailed policy commitments wherever possible. Nevertheless, one cannot stop people making speeches, and the idea that Tories are the intellectual, or even the radical party appears to be gaining ground. What matters is whether it is a help or a hindrance.

Ferment

Until the emergence of Mr. Callaghan as Prime Minister, it must have seemed the former. For, until then, the Labour Party did not have a leader who could plausibly go to the country on the Tory slogan "Safety First." The change was very well put by Mr. Peter Walker at one of the fringe meetings at the last party conference—the meetings themselves are another illustration of the Tory ferment. "We have a Prime Minister," he said, "who is good on television: who looks like Stanley Baldwin: who lives like Stanley Baldwin; and Stanley Baldwin with the vote of the Labour Party and North Sea oil is a very formidable opponent."

In other words, if there was ever any advantage in appearing the safe party—and the Tories at least must have believed that there was—that advantage now lies with Labour. Mr. Callaghan will be entitled to claim in an election campaign that a vote for the Tories is to risk rocking the boat, and he will be able to do so on several fronts. It will not be just relations with the trade unions, but also relations with Moscow.

Which brings us to Mrs. Thatcher. No-one would accuse her of being an intellectual in the sense of someone who quotes the same sources as Sir Ian or Sir Keith, at least in public. But at the same time it is hard to deny an acute intelligence. If she avoids the appearance of an intellectual, it is probably deliberate. She knows what happened to Hugh Gaitskell, and she does not want her lieutenants dismissed as "desiccated calculating machines." (Indeed, one suspects that she would first dismiss them herself.) It is also probably she as much as anyone who insists on keeping policy documents to a minimum.

Yet there remains a dilemma. She presides over a movement which appears to be winning the intellectual argument; even on defence it is astonishing to find how much the mood has changed in the Thatcher rather than the Government direction. But on the most optimistic calculation the intellectuals account for less than 10 per cent of the population. How long does it take for their change in mood to seep through to the country as a whole?

In the 1950s Mr. Gaitskell found that it took more than the lifetime of one Parliament. The 1959 election was won convincingly by the Tories partly on the basis of an intellectual swing which had begun many years earlier, but which had taken some time to reach the popular level. By then, in fact, the intellectual swing had already reversed itself, but even in 1964 Labour only just made it.

Trends

There is also the example of West Germany. There has been a good deal of evidence for some years that that country is moving to the Right, but the shift has not been reflected in federal election results partly because it has proved very difficult for a conservative party to win an overall majority—which is what the Tories want to do—and partly because Chancellor Schmidt has himself gone along with the prevailing trends. The cynical Christian Democrat view that Herr Schmidt is "the best conservative Chancellor we have" has much to be said for it. According to the Tories, that is precisely the view that the City now takes of Mr. Callaghan, at least as reflected in the FT index.

The Tory dilemma, however, can be put in another way. It is: how far is it possible for the Tories to conduct a dual campaign? For instance, can Mrs. Thatcher achieve at a popular level what has already been achieved at an intellectual level? Can she, in short, turn intellectual appeal into populism?

It is a question to which much thought has been given. Certainly few of the Tory intellectuals have much faith in their own powers of persuasion on the council estates or among the supermarket shoppers. There is, for a start, the little matter of accent, and the vocabulary that usually goes with it. It will be Mrs. Thatcher who will have to do it, if anyone can.

Perhaps she will. Perhaps that is, as is sometimes suggested, her secret weapon, and it may be that her own much-maligned accent is an asset in the cause. In the meantime, it would be unwise to regard the turn of the intellectual tide as sufficient in itself. Against Mr. Callaghan, it might still be a liability. One suspects that opinion has changed enough to make life very difficult for a new Labour Government that made the old Labour Government mistakes and used the old Labour Government cliches. It might take rather longer to bring the Tories to power.

Terry Kirk

Mrs. Thatcher "meeting the people," including a road sweeper and his dustbin.

Letters to the Editor

Accountancy standards

From Mr. Gordon M. Paterson.

Sir,—I should like to challenge ... present practice in the ... cation of accountancy stan... is correct. Before an ... ntant replies automatically ... he affirmative let us take ...

The attempt to improve ... any reporting by accepting ... mmon discipline was attrac... at first sight but experience ... shown that common disci... e cannot always apply to ... bodies.

The extension of the legal ... it certificate to include ... vance of "standards" is a ... mentous step based on the ... dable objective in 1 above; ... ever, it leads the accountant ... an area where he has not ... legal powers to enforce.

The effect of the standards ... dy issued has certainly ... to improve the extent of ... rmation available to a ... der of accounts, where the ... dards have been followed.

The failure, particularly ... an inflationary period, to ... eve effective standards uni... ally acceptable has resulted ... many industrial and commer... companies accepting quali... ion rather than comply with ... standards. In turn this has ... ted in a massive decline in ... reputation of the account... profession. The situation ... been compounded by errors ... exposure drafts and SSAPs ... h were avoidable but which ... happened. This decline is ... good for the profession nor ... businesses which the pro... on serves.

The purpose of my letter is ... provoke thought as to how ... rovement in company report... can continue to be stimu... d and as to how the reputa... of the accountant can be ... red. The following steps ... suggested—

... It should be recognised ... company accounts must be ... d on law, as must audit ... ficates.

... Comments on observance ... andards should be appended ... ccounts but should not be ... of the audited accounts. ... ould be necessary to enact ... auditors must be given ... e for such comments in ... any reports.)

... The problems facing U.K. ... ps which operate overseas ... report in sterling are more ... plex than those which face a ... p operating solely within ... U.K., so that different ... dards may be required.

... It should be recognised ... different types of businesses ... ounter different problems in ... plying to conform to ... ards, e.g. there is no reason ... a departmental store ... ur intensive) should con... to the standards applicable ... distillery (capital inten... nor is there any reason ... bank should conform to ... ards suitable to an insur... company, even though they ... hold substantial blocks of ... ments. Investment trusts, ... ty companies and building ... es will each encounter ... n problems in interpret... true and fair" and the ... ation of standards.

... ceptable standards are to ... ched, there ought to be ... for each section of com... and industry, possibly ... sub-sections for those ... engaged in U.K. business ... d for those groups oper... n the U.K. and overseas. ... ll take time but in the ... n the result would be ... than the current attempt ... force industry and com... n's standards with rigid ... er, which frequently en... observance of "true and ... laid down in the 1948 ...

... st let there be action to set up separate studies and recommendations for companies whose business involves a holding of substantial portfolio investments, i.e. where the investments held are neither fixed assets nor trading assets.

In order to arrive at satisfactory standards, much greater consultation with the industries affected is necessary. Action on these lines would avoid the welter of qualifications in reputable companies' accounts and the resultant confusion in the minds of many readers. It should also help in reducing claims for professional negligence and the cost of insurance protection.

Gordon M. Paterson,
98, Wolsey Road,
Northwood, Middlesex.

Severn Bridge

From Mr. David Walker, RPT Economic Studies Group.

Sir,—An alternative interpretation of the data in your article on a second Severn Bridge (December 8) would lead to a quite different view about the necessity for a second crossing.

As your Regional Affairs Editor so rightly points out the very high growth rate of traffic during the period 1967-1972 was due largely to the M4 being completed to London, thus attracting a lot of non-motorway traffic to the M4 and the Severn Bridge. During this period the traffic generating effect of the new bridge would have operated, which by now should have worked itself out. Thus the more recent period 1972-1976 is probably a better guide to future traffic growth than the ten-year period as a whole. Over this four-year period traffic has grown at a rate of only 1.7 per cent. a year, which is in fact below the national average for trunk roads. Extrapolating at the same rate to 1990 gives some 13m vehicles a year, and 15m vehicles a year (for example, about 50,000 a day) would not be reached until 2000.

Present congestion is more a result of the pricing policy for the bridge than inaccurate traffic forecasts. At the time of planning the bridge an allowance would have been made for generated traffic, but it is most unlikely that the huge rise in generated leisure traffic would have been foreseen (some of it possibly attracted to the bridge as the purpose of the trip).

While the bridge was uncongested the authorities adopted the right policy by charging a toll which probably reflected the marginal cost of the service—this maximises society's utility. However, with increasing congestion the toll should be increased progressively to deter those users who benefit least from the bridge. If this appears to be unfair it should be remembered that the bridge was originally justified by the time and operating cost savings to existing travellers who suffered the 60-mile detour, but now these people with the highest benefit are seeing their benefit steadily eroded by congestion costs.

With the correct pricing policy the time to start thinking of another bridge would be when toll levels were approaching the savings to travellers, for example, about £3 at present operating costs plus the value of the travellers' time. What we see at present is the over-use of an almost free resource.

Incidentally, it would appear most unlikely that a second bridge could be justified in the foreseeable future. The benefit to travellers would only be the reduction in congestion on the existing bridge, plus possibly a small distance saving, but would not be the avoidance of the 60-mile detour since travellers deterred by the toll would not travel (in doing so they would incur higher costs than the toll!) Additionally, since the worst periods of congestion are at week-ends and holiday periods time savings would be valued at their leisure rates, which are conventionally only a quarter of the working time rates.

Thus it would seem that future traffic growth is unlikely to be as rapid as the past, that the bridge is chronically underpriced, and that given the alternative interpretation of the evidence, a lengthier examination of the underlying trends should be preferred to haste in preparing for any duplication of the present bridge.

David Walker,
28, Maiden Lane, W.C.2.

Shadow Cabinet

From Sir Frederic Bennett, MP.

Sir,—In regard to a report (December 12) by Mr. Giles Merritt forecasting Mr. Airey Neave being moved from his present position as Conservative spokesman on Northern Ireland, I cannot comment on the suggestion that "senior Tories in the Shadow Cabinet are considering a new appointment for him," but I find this difficult to understand since there is only one "senior Tory" responsible for Shadow Cabinet appointments and that is Margaret Thatcher herself.

As a back-bencher, however, there never has been and is not now any criticism of Airey Neave for being too tough in regard to restoring peace and law and order to the troubled people of Ulster. Per contra, if Mr. Neave had not been as consistent as he has in condemning violence and advocating strong action against those who resort to it, and if he had not strongly supported our armed forces, whose courage and tenacity alone have so markedly improved the situation in recent months, he would not have earned and retained the continuing extent of confidence among all his Conservative colleagues that he enjoys.

Frederic Bennett,
House of Commons,
London, S.W.1.

Company results

From Mr. A. J. Kennard.

Sir,—The trading results of Crown House Limited (December 14) as issued by the company were headed "approximate" instead of the more usual "unaudited." The dictionary definition of approximate is "very near, closely resembling, fairly correct": it would be interesting to know if the Council of the Stock Exchange is quite happy for companies to issue "fairly correct" figures.

Alan J. Kennard,
Walbrook Court,
42a, Bow Lane,
London, E.C.4.

Pension schemes

From the Director of Information, Company Pensions Information Centre

Sir,—I do not know why Mr. Froggatt can foresee that the contracted-out employees of to-day will in relative terms be the poor pensioners of to-morrow (December 10). The contracted-out conditions may be complicated but the principle underlying them is simple. Those who are contracted-out of the new State scheme cannot be worse off than those who are contracted-in to it.

It is quite true that those who are contracted-in to the new State scheme, and who are provided with a generous occupational pension scheme by their employer in addition, will get the best of both worlds, but surely this demonstrates that in pensions, as in other areas of life, you get what you pay for.

Mr. Froggatt says that those contracted-in will receive a not insignificant revalued earnings-related inflation-proof pension from the State. Those who are contracted out will receive at least as much, and in most cases more, overall in order to satisfy the conditions for contracting-out.

M. J. Brown,
7, Old Park Lane, W.1.

Flying the flag by film

From the Director, British Industrial and Scientific Film Association

Sir,—How encouraging it was to read (December 6) your Film and Video Correspondent, John Chittock's championing the information work of the Central Office of Information and of our embassies and consulates overseas.

Our association, BISFA, is in no doubt that the use of film and television programmes to promote British products and services abroad is exceptionally effective. The film and television division of the COI have been able to spread word of their service to many more industrial executives recently in BISFA'S promotional events. They will do so again on December 13 when explaining their part in winning first-time export orders for a British company through one of their COI films, at our Export Through Film show in London: examples of films successfully used for export.

How discouraging it would be if, in this Export Year, the very services which help our industry and commerce to win reputation and orders overseas, the COI staff and embassy information officers were cut back as suggested in the review by the central policy review staff. It would be the height of folly. Should we not give them even more ammunition to promote British industry to the potential markets of the world, which only the men on the spot know best how to attract—more films, TV programmes, newsheets, etc.

K. A. M. Bennett,
26, D'Arblay Street, W.1.

Burden of CTT

From Mr. David Marks.

Sir,—You reported (December 12) that a Mr. John Wilhelmy decided to give away his business because he was tired of the intolerable burden of paperwork caused by legislation. On learning that he would have to pay gift tax of £30,000 (which he did not have) he made up his mind to continue trading.

No doubt his 12 employees are thankful that he did not simply close the business down and put them all on the dole. Many other small businessmen have had to do just this on the death of the previous owner, because there would not otherwise have been enough money available to pay the tax involved.

Capital transfer tax, whether on life-time gifts or at death, has reduced investment and increased unemployment. It certainly has a lot to answer for.

David Marks,
Member, The Association of Independent Businesses,
Europe House,
World Trade Centre,
London, E.1.

To-day's Events

GENERAL

Retail price index for November.

Mr. Menachem Begin, Israeli Prime Minister, in Washington.

Preparatory Middle East peace conference continues, Cairo.

Mr. Nobuhiko Ushiba, Japanese Minister for External Economic Relations, in Brussels to present EEC with same package of import liberalisation measures offered to U.S. earlier this week.

Session of European Parliament ends, Strasbourg (until January 16).

General Zia-Ul Haq, Pakistan military ruler, on informal visit to China.

Bangladesh National Day.

The Queen opens Piccadilly Line Underground extension to Heathrow Airport.

Fair wages claim by Swan Hunter outfitters due to be heard by Central Arbitration Committee.

Mr. Peter Shore, Environment Secretary, opens housing policy conference organised by Building Societies Association, Cafe Royal, W.1.

Mrs. Shirley Williams, Education Secretary, speaks at comprehensive education conference, York University.

PARLIAMENTARY BUSINESS

House of Commons: After adjournment debates the House rises for the Christmas recess until Monday, January 9.

COMPANY MEETINGS

Bailey (Ben), Doncaster, 12. Barton Transport, Nottingham, 11. British Assets Trust, Edinburgh, 2.15. Brycourt Investments, Portman Hotel, W., 12. Dollar Land, Connaught Rooms, W.C., 11.30. Francis Parker, Connaught Rooms, W.C., 11. Hepworth (J.), Leeds, 11.15. Manganese Bronze, 1, Love Lane, E.C., 12. Norton Villiers Triumph, 1, Love Lane, E.C. 11. Peak Investments, Stockport, 12. Pochin, Cheshire 12. Sandhurst Marketing, Crawley, 10.30. Wolseley-Hughes, Droitwich, 11.30.

OPERA

Royal Opera production of Le Nozze de Figaro, Covent Garden, W.C.2, 7 p.m.

English National Opera perform Dalibor, Coliseum Theatre, W.C.2, 7.30 p.m.

D'Oyly Carte Company production of Patience, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC

Prince of Wales attends performance of L'Enfance du Christ (Berlioz) by English Chamber Orchestra and Choir, conductor, Sir Charles Groves, with Janet Baker (mezzo-soprano), Peter Pears (tenor), Ian Caddy (baritone) and Donald McIntyre (bass), Royal Festival Hall, S.E.1, 8 p.m.

COMPANY NEWS + COMMENT

Distillers reaches £74.3m. at six months

TURNOVER for the half year to September 30, 1977, of Distillers Company expanded from £376.1m. to £400.8m. and pre-tax profits advanced from £53.2m. to £74.3m.

Shipments of both Scotch whisky and gin to the U.S. in the six months showed a substantial increase, say the directors, arising from stocking up by distributors ahead of the U.S. dock strike. Consumption remained flat and the increase represented business which, but for the strike, would have been done in the second half. Exports to other world markets as a whole continued to make some progress.

In the U.K. above average buying by the trade in March ahead of the price increase, combined with increasing competition in a sluggish retail market, led to a reduction in sales volume in the period. The increase in trading profit from £58m. to £76.6m. is attributable to additional export sales and to some further improvements in selling margins, but also reflects a reduction of £2m. in net exchange losses.

Members are told that in an industry where Christmas and the holiday season have a major impact on sales in many world markets it is impossible at this stage to forecast accurately the outcome of the second six months.

Having regard to the transfer of profit into the first half as a result of advance buying in the U.S., it seems unlikely that second-half trading profits will vary significantly from high figure of £78.5m for the comparable period last year. The directors remain confident however, that results for the year as a whole will show a reasonable increase, and are not deflected from that view by recent Press disclosures of a pending adverse decision by the European Commission on their home market pricing.

Until the commission's findings are available for study, they can reach no decision regarding the changes they may be driven to make, but they believe that none could have an appreciable effect on the results in the short period prior to the end of the present year.

First-half earnings are shown to have risen from 6.52p to 10p per 50p share before extraordinary items. So as to reduce disparity with the final, the interim dividend is lifted from 2.0125p to 2.695p net. Last year's total was 6.50639p and pre-tax profits reached £127.69m.

	Half year 1977 £m	1976 £m
Turnover	400.8	376.1
U.K. sales	109.1	91.0
Other markets	172.3	140.3
Duty	119.4	144.8
Depreciation	4.6	4.4
Exchange loss, loans	0.4	5.7
Exchange loss, other	0.5	2.9
Trading profit	76.6	58.0
From investment sales	—	0.9
Investment income	1.3	1.4
Financial charges	3.6	7.1
Pre-tax profits	74.3	53.2
Tax	39.0	29.9
Net profits	35.3	23.1
To minorities	0.1	0.1
From associates, net	1.1	0.5
Extraordinary credit	—	1.5
Attributable	36.3	33.3

See Lex

INDEX TO COMPANY HIGHLIGHTS

Ransome Hoffmann outlook

SIR WILLIAM BARLOW, the former chairman of Ransome Hoffman Pollard tells shareholders that the group is poised to respond quickly to any improvement in market conditions, but after the "false dawns" of the last two years he hesitates to predict when the upturn will be seen. The group's plans for the future have been made on the basis that there will be little improvement in market conditions.

As reported on December 8 pre-tax profits of this precision engineering group finished the year to September 30 marginally higher at £5.44m. against £5.26m. on turnover of £84.92m. compared with £78.38m. The dividend is stepped up from 3.44p to 3.8422p net with a final of 2.4022p. Sir William was succeeded as chairman by Mr. John Eccles on October 1.

A divisional analysis of sales and profits shows: bearings £73.43m. (£68.7m.) and £3.7m. (£3.82m.); electrical £7.07m. (£6.18m.) and £1.5m (£1.34m.) and fasteners £4.42m. (£3.5m.) and £0.24m. (£0.1m.).

Excise rise deepens Luis Gordon loss

On turnover down from £3.3m. to £2.25m. the trading loss of Luis Gordon Group increased £36,000 to £160,000 in the June 30, 1977, six months.

The loss is before interest charges of £220,000 against £180,000, and the loss attributable to shareholders is ahead from £313,000 to £389,000. Last year an overall £260,000 attributable loss was incurred.

The Board states that the first six months usually account for less than one-third of business and in consequence there is always likely to be a substantial loss in first half of the year.

However, this year, the situation has been exacerbated by the decision of the Chancellor to increase duties on wine and spirits from January 1, 1977, rather than waiting for the usual Budget date in the spring.

As a result of the early warning of the increase which he gave to the trade, all customers took the opportunity to rebuild stocks at end of last year and this, coupled with the absence of any stimulus to sales from the spring budget and the downturn in retailing business throughout the U.K. led to a reduction in sales.

In addition the high interest rates at end of last year did not come down sufficiently quickly to prevent an increase in interest charges for first six months.

Directors say that while it would be premature to predict the eventual outcome for the year, sales have now improved and the company will also benefit both from measures taken to reduce fixed costs and from the significantly lower rates of interest which have prevailed in second half of year.

SCOTTISH INV.

Scottish Investment Trust has concluded an agreement with a major U.S. corporation to borrow $3.5m. and lend £3m. for a period of ten years. The dollar loan will be used to reduce existing bank loans and to finance further investment in the U.S.

A. Arenson in good shape

Mr. Archy Arenson, chairman of A. Arenson (Holdings), yesterday underlined the trading optimism he first showed in his preliminary statement early last month when he revealed a near £1m. turnround in pre-tax profit.

At the annual meeting he said the group had started the year in good shape and the progress made during the first four months of the current year was in line with projections.

He stated in his report last month that one of the directors prime tasks was to make determined efforts to improve profit margins. At the present moment the indications were that this would be achieved, even though both the office furniture, as well as the domestic furniture industries were more fiercely competitive than ever.

This situation therefore was most encouraging and justified the actions taken by the directors in recent years, particularly regarding capital expenditure implemented against the general industrial trend, and the group entering into the difficult market of domestic furniture. These policy decisions were now paying dividends.

The group had the production capacity available to take immediate advantage of market opportunities created both by its initiative and by any general upturn in demand.

Pleasurama jumps to £1.5m. peak

AFTER RISING £137,000 to £336,000 in the first half pre-tax profit of Pleasurama jumped from £986,000 to a record £1.5m. in the September 30, 1977 year.

Turnover was ahead from £5.89m. to £7.1m., and profit after all charges including tax and minorities is £0.65m. against £0.42m. last time.

The final dividend of 1.273p net per 5p share compares with 1.145p last year and takes the total to 2.03p against 1.815p. Earnings per share are stated at 10.3p (6.6p).

The company's 25 per cent. interest in Mayfair Casinos has been treated as a trade investment and its profit has not been consolidated. Earlier this year Pleasurama won a court action for the enforcement of a purchase notice served on the majority holders of Mayfair, which provided for Pleasurama to receive £1.16m. The defendants have lodged a notice of appeal.

● comment

In spite of the squeeze on consumer spending, Pleasurama's profits are 55 per cent. higher for the year, thanks to foreign tourists in London—they contribute about three quarters of total gaming business in the capital—and an attendance increase of 15 per cent. at provincial casinos. With the U.K. leisure industry expanding, the company has acquired two more provincial casinos and discotheques at Gillingham, Kent and Portsmouth, but the most important development for the current year is the new arrangement with Mecca in an attempt to get a greater share of the lucrative London gaming business. Pleasurama will exchange its present 49 per cent. holding in the associate, Templelock (AM Casino in Curzon Street), for a 25 per cent. stake in a new casino in the Ritz Hotel in Piccadilly—Mecca will put up the capital for development. The casino will open in April so no benefit will be seen until the second half. Meanwhile borrowings have been eliminated and the shares at 71p yield 4.4 per cent. while the dividend is covered five times.

Bond Worth deficit less than £28m.

The receivers of Bond Worth Holdings, the carpet company, have revealed that the overall assets deficiency is £28.4m. Among the more notable investors and creditors of the company are Equity Capital for Industry, National Westminster Bank and Alliance Assurance.

But the actual deficiency at the end of the day is likely to be significantly below £28.4m. The £6.5m. book value of subsidiaries has been totally written off in the calculation whereas part of one of them, Rivington Carpets, has already been sold for £780,000 and Mr. Christopher Morris, the joint receiver, reports that the main subsidiary, Bond Worth Limited, is trading at a monthly profit of £160,000. Several approaches have already been made for its purchase.

On the liability side, Bond Worth is unlikely to have to pay the full amount since in many cases its subsidiaries have the primary liability.

The first ranking Debenture holder Alliance Assurance is expected to get back its £1.05m. but National Westminster's £15m. commitment is more doubtful. The prospect of any repayment for shareholders is thought to be very remote.

The statements of affairs for the major subsidiaries will be published later.

Trevor Humphries

Mr. John N. Ferguson, chairman of Associated Engineering—profits for 1976-77 expanded by 55 per cent. to £32.5m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assoc. Engineering		3.42	Feb. 13	2.92	4.69	4.02
Beechwood	int.	0.5	Feb. 7	0.5	—	1.8
N. Brown Invs.	int.	0.83	Feb. 16	0.83	—	2.51
Burco Dean		2.22	Feb. 21	2	3.72	3.33
Charterhouse		2.18	Feb. 24	2.18	3.36	3.36
Continental and Ind. Tst.	int.	2.25	Feb. 7	2	—	5.73
Distillers	int.	2.78	Feb. 24	2.01	—	6.51
Dobson Park		1.3	Feb. 28	1.18	2.13	1.91
Eldridge Pope		3.35	—	3.25	6.1	6
Ch. Goldrei Foucard	int.	0.89	Feb. 4	0.8	—	2.43
Greenall Whitley		1.41	Feb. 18	1.28	2.62	2.35
Hawkins and Tipson		2.99	—	2.88	3.99	3.58
Lep Group	int.	0.97	—	0.65	—	3.09
Marley		1.49	March 9	1.23	2.49	2.23*
Pleasurama		1.28	—	1.15	2.03	1.82
Portsmouth & Sund'land	§ int.	0.89	Feb. 28	0.88	—	2.81
Redman Heenan		1	—	0.98	1.82	1.63
Tex Abrasives	int.	0.75	Feb. 7	0.65	—	2.71
Trustees Corp.	int.	1.5	—	1.3	—	4
Unigate	int.	1.33	April 3	1.21	—	3.08
United Scientific		1.31†	—	1.25*	2.14*	1.91*
Vaux Breweries		11.54	Feb. 13	10.13	22.77‡	14.03
Weston-Evans	int.	0.92	Feb. 13	0.82	—	2.76
Wilkinson Match	int.	3.78	April 1	3.39	—	8.31

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 17 months. § Increased to reduce disparity with final. ¶ Additional 0.0297217p for 1976-77.

United Scientific earns and pays more

AS FORECAST at the time of the rights issue in November taxable profit of United Scientific Holdings reached £2.7m. for the year to September 30, 1977, compared with £1.9m. for the corresponding period. The mid-term improvement was from £0.84m. to £1.16m.

Yearly basic earnings per 25p share are given at 24.82p (13.05p adjusted) and fully diluted at 23.07p (12.19 adjusted). The final dividend is 1.3052p, effectively raising the total payment from 1.9146p to 2.1385p.

	1976-77 £	1975-76 £
Turnover	13,557,892	10,096,122
Pre-tax profit	2,732,084	1,896,059
Tax	722,109	865,874
Minorities	98,994	56,025
Available	1,910,991	974,160
Retained	1,746,369	827,270

The acceptances for the acquisition of OEC have now been received and gives United Scientific 92 per cent. of that company at a total cost of $4m.—made up by $2.7m. payable to original holders on a final basic of $12.48 per share plus a cash injection of $1.3m. The rights issue by United Scientific has been taken up as to 97.23 per cent. The balance has been sold at a premium and net proceeds will be distributed to entitled holders. The combined order book of United Scientific and OEC guarantees current year's turnover, and a good part of that for 1979.

In absence of unforeseen circumstances further growth in turnover and profits is expected for the current year, the directors state.

N. Brown turns in £310,000 midterm

For the six months to August 27, 1977, N. Brown Investments reports pre-tax profits of £310,000 against £348,000.

The net interim dividend is held at 0.825p per 20p share—last year's total being 2.508p.

Comparative figures of this direct mail order company have been adjusted to coincide with changes in accounting policy.

For the half year, there was a £6,000 (£429,000) extra-ordinary debit.

Eldridge Pope

Brewers, maltsters and wine and spirit merchants Eldridge Pope and Co. increased turnover from £9.65m. to £11.26m. in the September 30, 1977, year but pre-tax profit dipped from £1.16m. to £1.13m.

At half time profit was ahead from £0.23m. to £0.33m. The full-year result includes extraordinary items of £35,721 (£94,133). At halfway directors anticipated a decline in investment income and said results depended on an improvement in the weather.

A final dividend of 3.35p net per £1 share takes the total to 6.1p against 6p last year.

Unigate marginally ahead at £10m.

ON TURNOVER £50m. higher at £435m. taxable profits of Unigate pushed £700,000 higher to £10.1m. in the 24 weeks to September 10, 1977.

The result is after interest charges of £3m. (£2.4m.), associate company contributions doubled at £200,000 and retrospective margin awards of £800,000 (£400,000).

It is subject to tax of £4m. (£4.3m.) and stated earnings per 25p share are shown at 2.97p (2.46p).

The interim dividend is lifted from 1.21p to 1.33p net. Last year on taxable profit of £24.3m. a total of 3.0772p was paid.

The Board states that profitability in the U.K. dairy markets has continued to suffer from the excessive supply of milk in Europe. This has led to surpluses in certain commodities, notably cheese, and a consequent weakness in selling prices.

The ham side of the meat business continues to suffer because of subsidised imports from Europe.

Overseas and export activities have continued to develop as planned. They say this has been a successful period for them and they have performed well.

The transport and engineering interests are well placed to take advantage from any upturn in the domestic economy, they say.

● comment

Overseas operations produced most of the drive behind Unigate's 7 per cent. improvement in pre-tax profits. Italian cheeses in the U.S. are showing steady growth with consumption rising fairly steadily at 10 per cent. a year, while in Australia the dairy products division has at last recovered from the U.K. joining the EEC. Alternative markets have been developed in Japan and the Far East. But at home it has been an uphill struggle. Consumption of liquid milk to date is down by about 3 per cent. and profit margins on dairy products have been hit by a surplus of capacity in a very static market. Finally, the meat division, Scot Bowyers, has seen a varied performance: ham sales have been hit by imports from Denmark and Holland but meat pies are selling better. In the second half a further rise of 1p a pint on milk will hit volume but the Government has increased target profits so this could largely offset lower volume sales. U.K. dairy produce will probably remain depressed, and so the full-year results are unlikely to show anything more than a modest growth rate but at 50½p the shares have a sound support in a yield of 10¼ per cent.

Board changes at Elliott

BOARD CHANGES are shortly to be announced by the Elliott Group of Peterborough. That is the outcome of the meeting with the institutional shareholders, Sheppards and Chase (Elliott's stockbrokers), and the Elliott Group at Sheppards' offices yesterday.

Commenting on the latest move, which follows Elliott's disclosure last Friday of interim losses of £246,000 and large share sales by the directors, one of the institutional shareholders present at the meeting said: "I quite like the look of Mr. Houston." Mr. Bill Houston was appointed deputy chairman on August 29. He is a non-executive director of other concerns and an industrial adviser to Kleinwort Benson.

Mr. Edmund Smeeth, who is chairman of the group, disclosed last week that he had reduced his share holding from 324,633 to 189,633 shares for an average price of 39p after the announcement of a £54m. contract, which is now not likely to proceed. Last night the shares stood at 18p.

Redman Heenan up £½m. despite second half fall

DESPITE a second-half downturn from £1.6m. to £1.46m., engineers Redman Heenan International finished the year to September 30, 1977, with record taxable profits of £2.53m. against £2.04m. and the directors say that given no major change in economic conditions, trading profits should show further improvement in the current year. Turnover for the period was ahead from £28.89m. to £31.11m.

After tax of £116,000 (£141,000) stated earnings are up from 12.7p to 16.1p per 10p share. The dividend is stepped up to 1.815p (1.625p) net with a final of 1.0025p.

The directors view the future with confidence and an additional £2m. capital investment is planned for 1978, following the £1.5m. programme which was completed in 1977.

● comment

Redman Heenan second half pre-tax profits are almost 9 per cent. down following a 142 per cent. gain at the interim stage. The group says, however, that the period contains significant provisions against losses from its contracting companies where business has been very thin, particularly on local authority work, which has been hit by public spending cuts. On the manufacturing side the group says that profits generally continued to rise in the second half, albeit at a slower rate than in the two previous halves, when there was a strong recovery element. Progress has been made at two of the largest engineering contres; Redman Fisher (steel and aluminium flooring) and Froude Engineering (engine testing equipment) with the latter benefiting from increasing demand from diesel engine manufacturers. However, the engineering sector remains sluggish and orders are difficult to come by so profits in the current half may show little change, although the group is looking for an upturn in the second half. The shares yield 5.3 per cent., with the dividend covered almost nine times, while the p/e is 3.2 at 53p.

Trustees Corp.

With gross income 16.6 per cent. ahead at £1.66m. pre-tax profit of Trustees Corporation lifted 27 per cent. from £0.97m. to £1.23m. in the half year ended November 30, 1977.

After tax of £442,751 (£387,748) and Preference dividends the amount available for Ordinary shareholders is up from £0.57m. to £0.78m.

The net asset value per 25p share increased from 167.1p to 180.2p, and the interim dividend is lifted from 1.3p to 1.5p. A final of 2.7p was paid last year on record profit of £2.04m.

Ch. Goldrei ahead—sees record year

Announcing pre-tax pr[illegible] ahead from £166,856 to £19[illegible] for the half year to September [illegible] 1977, the directors of food m[illegible] facturers, Ch. Goldrei, Fou[illegible] and Son say that they expec[illegible] year results to at least [illegible] those of the previous 12 mo[illegible] when a record £385,750 su[illegible] was achieved.

First-half turnover adva[illegible] from £3.55m. to £4.46m. and [illegible] was subject to tax of £10[illegible] (£86,766). The net interim [illegible] dend is raised from 0.8p to [illegible] per 25p share and is waive[illegible] 171,453 shares—the pre[illegible] year's final was 1.63p.

Weston Evan[illegible] 15% advance

TAXABLE PROFIT of W[illegible] Evans Group increased [illegible] cent. from £581,332 to £668,[illegible] the September 30, 1977, hal[illegible]

And with a "quite encou[illegible] current [illegible] position during [illegible] say indications are that [illegible] year will produce the six[illegible] secutive record. Profit [illegible] totalled £1.53m.

Turnover in the six mont[illegible] from £5.39m. to £6.03m. a[illegible] profit is subject to tax of [illegible] (£302,000).

Earnings per 20p sha[illegible] shown at 5.97p against 5.19[illegible] the interim dividend is u[illegible] 0.82075p to 0.91671p. A [illegible] 2.76042p was paid for all [illegible] 1977.

ISSUE NEWS

Kursaal cash call

Kursaal Company, owner of a hotel and casino in Malta, is proposing to raise £M220,600 by way of a rights issue of 234,368 7 per cent. Redeemable Preference shares at £M1 each.

Holders of the 7 per cent. Cumulative Participating Preference shares with a specific address in Malta are offered the new preference shares on the basis of one-for-two.

The new shares are redeemable at a price of £M1.00 on November 30 1983. The issue has been partly underwritten by the Bank of Valletta.

The shares of the company constitute foreign currency securities for U.K. exchange control purposes. Accordingly if the shares were offered to U.K. residents they would have to purchase Maltese currency through the premium market.

Therefore the directors consider that this issue would prove unattractive to U.K. residents and so the issue has been confined to local residents. The Central Bank of Malta granted permission for the issue on the basis that it would be confined to Malta residents.

Giving its reasons for the issue, the Board states that it is the company's policy to expand its business within the fields of its present activities, while maintaining a prudent balance between shareholders' funds and borrowings.

The chairman, Mr. E. W. MacAdie, states that profits for the current year have been as good as they were at the same time during 1976-77.

Borrowings at May 31, 1977 amounted to £M609,516 of which the bank overdraft accounted for £M330,316. The balance was bank loans.

LEICESTER £12M. FLOATER

City of Leicester's offer for sale of £12m. of Floating Rate Stock, 1982, was fully subscribed. All applications from the public were allotted in full.

TURNER CURZON

Turner Curzon announce the issue of 793,630 5p Ordinary shares, ranking pari passu with the existing ordinary shares, at 10p per share. The issue is the final consideration for the redemption of the £100,000 convertible unsecured loan stock 1976 in Ben Turner and Son (Holdings) issued at the time of the acquisition of Lerner in October 1973.

TAP STOCK

The application list for the issue of £800m. of 8½ per cent. Exchequer Stock 1981 closed yesterday. The full amount of stock offered has been allotted and all applications from the public have been allotted in full.

LRC RIGHTS

The full document is published to-day relating to LRC International's £4.3m. rights issue of 44.93m. Ordinary 10p shares at par.

Giving its reasons for the issue the company points out that the level of borrowing has been high in recent years and in the current period has been running at approximately £20m.

Although the level of debt has been reduced by the conversion of £4.3m. of unsecured loan stock there is still a high level of dependence upon bank borrowings which amounted to £12.6m. on November 25.

It is the directors' intention to pay a final dividend of 1.33p net per share, making a total for the year of 2.228p. At 73p the shares stand on a prospective ex-rights yield of 8.1 per cent.

AE advances 55% to record £32.5m.

VEHICLE AND engine components manufacturers Associated Engineering reports record pre-tax profits for the year to September 30, 1977 of £32.47m. against a restated £20.98m. last time, a 55 per cent. increase. In May, reporting £16.4m. compared with £9.1m. for the first half, the directors said they hoped to report full year profits somewhat higher than the January forecast of £30m. Sales for the year were ahead by 14 per cent. from £252.9m. to £286.5m.

Stated earnings are 19.4p (13p) per 25p share and the dividend is lifted to 4.59p (4.02p) with a net final of 3.43p. Shareholders funds totalled £81.07m. (£59.05m.).

The company has changed the policy of deducting regional development and Government investment incentive grants from the relevant assets and depreciation calculated on the net sum so that now the assets are capitalised gross and depreciation provided on the full cost of the asset. Government grants are being credited to a reserve and transferred to the profit and loss account as a deduction from the charge over a period of 10 years, the average expected life of the relevant assets. The effect of this change is to reduce pre-tax profits for the period by £0.000 (£370,000).

	1976-77	1975-76
	£000	£000
[illegible]	286,517	252,386
[illegible]	[illegible]	[illegible]

See Lex

First half expansion by Tex Abrasives

Large contribution from the Republic of Ireland subsidiary helped Tex Abrasives to more than double its pre-tax profit from £91 to £228,712 for the six months to September 30, 1977, on turnover of £2.45m. against [illegible].

Tex Abrasives (Machines) and Tex Abrasives (Northern Ireland) also contributed, stated the directors, while in the same period last year these two companies made a loss.

[illegible] there is no vast change in the sterling/deutsch mark exchange rate, the directors expect second half profit to be as good as the first six months, resulting in a considerably higher annual figure than the previous [illegible] £279,267.

[illegible] half-year earnings are stated from 2.2p to 5.7p per share, while the interim dividend is stepped up to 0.75p net, costing £16,077 [illegible] the 1976-77 final was [illegible]

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Anglo American Asphalt, E. H. Boardman International, Cohen Guard Bridgers, B. Fertleman, Greene King, Gresham Investment Trust, Initial Services, Investment Company, Plysu, S. and U. Stores.

Finals—Brunner Investment Trust, Chesterings, Hardys and Hansons, Renfrew, Ronald (Holdings), North Midland Construction.

FUTURE DATES

Interims—	
AGB Research	Dec. 21
Cook (William) (Sheffield)	Jan. 27
Edbro	Dec. 21
Formminster	Dec. 21
Turner Curzon	Dec. 19

Recovery at Heywood Williams

Pre-tax profit of Heywood Williams Group, aluminium and glass building materials concern, recovered from £9,000 to £381,000 in the October 30, 1977, half year and a total profit of not less than £500,000 is predicted for the full year.

Profit last year was only £59,000 after a loss of £756,000 was incurred in 1975-76. Directors intend recommending a dividend at year end. The last payment was 1.75p in 1973-74.

Mr. Douglas Oliphant, chairman, says it is particularly encouraging that all group profit has come from the recovery of U.K. interests. Patent glazing, glass merchanting and aluminium extrusion activities all produced better than expected results and a continuing favourable trend is anticipated.

Overseas companies have been experiencing the severe recession in the building trade in South Africa and sustained a small loss. Reasonable orders are on hand and an acceptable profit is expected for the full year.

Company liquidity continues to improve and after a £1.1m. reduction in loans and overdrafts last year these have been cut by £0.52m. in the latest six months to £2.4m.

In November, at the request of the minority shareholder in Coastal Aluminium Products, Heywood bought the remaining 25 per cent. of equity to make it a wholly-owned subsidiary. While difficulties on some overseas contracts have not been fully resolved Mr. Oliphant is confident this investment will prove satisfactory in the next financial year.

The half year profit is subject to tax of £7,000 (£83,000).

CRONITE

Commenting on yesterday's figures, a spokesman for Cronite said: "Our performance over the year is in line with our half-year statement. Group profit before tax, minority interests and exceptional items was £272,687 compared with £243,683 in the previous year."

Lep jumps to £2.55m. halftime

INTERNATIONAL transport and travel agents, Lep Group reports taxable profits jumped from £1,593,000 to £2,549,000 for the first six months of 1977, on turnover of £36.17m. against £20.9m.

During the second half, trading conditions have worsened for most of the group's overseas companies, say the directors, but they expect full year profits to at least equal the record £3.89m. for the whole of 1976.

The interim dividend is stepped up from 0.65p to 0.97p per 10p share, costing £61,537 (£41,437) and absorbing the whole of the permitted increase in the dividend for the year—last year's total was 3.09p.

After U.K. tax of £636,000 (£384,000) and overseas tax £377,000 (£423,000), net profit for the period improved from £781,000 to £1,336,000.

First half fall at Edinburgh and General

First half 1977 profits of Edinburgh and General Investments fell from £31,000 to £29,000 before tax of £16,000 compared with £41,000. The pre-tax surplus for all 1976 was £142,593 and the dividend 0.65p net per 10p share.

The directors say the reduction in profits is due largely to a smaller profit contribution from the broking subsidiaries which have been replacing and expanding a major part of their portfolios, the benefit of which will not accrue until late 1978 and 1979.

Cullum Underwriting Agencies has again contributed substantially to profits and its total for the year should be similar to last year.

The Lloyd's underwriting interests are expanding satisfactorily and should provide increasing income in the future. This area of business is considered very promising and a substantial interest has been acquired in a new managing agency which will underwrite for an aviation syndicate with effect from January 1, 1978.

The associated companies are continuing to trade satisfactorily though their combined contributions are likely to be lower than last year.

Expenses in all group companies have risen and though they are constantly under review "they are increasingly difficult to contain in this period of inflation."

Marley second-half downturn

AFTER DECLINING £0.37m. to £7.02m. at half-way, a £1.88m. downturn in the second half has left pre-tax profit of building products group Marley down from £17.61m. to £15.36m. in the October 31, 1977 year.

Turnover for the period rose from £202.9m. to £218.67m., and much of the decline stems from U.K. operations where earnings were cut from £12.71m. to £10.94m. Overseas subsidiary profits were down from £4.91m. to £4.42m. and associate contributions fell from £0.75m. to £0.47m.

After all charges, available profit is ahead from £11.83m. to £12.04m., and earnings per 25p share are stated at 12p against 11.8p.

The final dividend is lifted from 1.22973p to 1.49043p, taking the total to a maximum permitted 2.49043p (2.22973p).

The UK tax charge has been reduced by £1.9m. for stock appreciation relief and £2.8m. for the excess of capital allowances over depreciation. The overseas tax charge has been affected by losses unrelieved for tax.

	1976-77	1975-76
	£000	£000
Sales	218,667	202,913
U.K.	133,538	114,047
Overseas	85,129	88,866
Trading profit	17,908	19,234
Interest payable	3,015	2,370
Assoc. profits	466	746
Profit before tax	15,359	17,610
U.K.	10,935	12,705
Overseas	4,424	4,905
Taxation	2,632	5,198
U.K.	898	2,864
Overseas	1,734	2,334
Net profit	12,727	12,412
U.K.	10,037	10,041
Overseas	2,690	2,371
To minorities	686	579
Available Ordinary	12,041	11,833
Dividends	2,471	2,210
Retained	9,570	9,623

● comment

A depressed U.K. market, bad weather, and currency realignments have taken their toll of Marley's profits. After being virtually unchanged at the interim stage, second-half profits are down by nearly a fifth leaving the outcome some 13 per cent. lower. Exchange rate movements knocked £0.7m. off the profits and the overseas contribution was a tenth lower. The troublesome French operation lost £0.7m. but following the restructuring it is now trading profitably and there should be a turnround of £1½m. in the current year. Elsewhere, Canadian profits fell by £0.7m., of which nearly half reflected the decline in the value of the Canadian dollar. At home, concrete roofing tile deliveries fell by 12½ per cent. and profits on this side fell by around a fifth while heavy start-up costs affected the performance of some of the other divisions. However, demand for tiles has picked up substantially and assuming recovery overseas Marley should be on target for £20m. this year. At 77p, the shares yield 4.9 per cent.

Estates and General

The purchase by Mr. Prowting of 50.6 per cent. of Mount Row Securities for £133,000 puts a "trace-through" value of some 17p per share on the 980,598 Estates and General Investments stock units held by Mount Row, explains Mr. J. K. Laurence, the chairman of E and G in a letter to shareholders.

The effect of the repayment by E and G of the majority of the loan secured on the Victoria Hotel will be the recovery, after expenses, of some £620,000. After applying this against the book value of £775,000 of the loan and the hotel contents, which E and G owned, and making no allowance for the recovery from a third party of £75,000 claimed, the loss to be shown as an extraordinary item in the accounts will be of the order of £155,000. Additionally, the company had been operating the Victoria Hotel since July, 1976 and the unaudited loss incurred by it for the period from January 1 to October 31, 1977, the date of sale, was approximately £53,000.

As at December 31, 1976, E and G and its subsidiaries had cash on deposit and at banks of some £724,000 and borrowings of some £208,000. As at November 30, 1977, following the repayment of the majority of the loan the group had cash balances of £650,000 and borrowings of £983,000. In the period January 1 to November 30, 1977, E and G has spent over £1.5m. as a result of the decision to become more actively involved in the property field by purchasing properties for investment, development and dealing purposes.

Small rise by Aeronautical & General

Taxable profits of Aeronautical and General Instruments improved slightly from £133,227 to £142,347 for the six months to September 30, 1977, on reduced sales of £1.2m. against £1.51m.

The directors report that the steady improvement in the company's affairs continues and they expect full year results to show an advance on 1976-77, when the company recorded a £0.24m. surplus and paid a single 2.2864375p net dividend.

First half profit was struck after depreciation of £40,060 (£41,170), but includes interest receivable of £14,310 (£7,454). Tax takes £71,174 (£66,613).

John Booth downturn

Structural and welding engineers, John Booth and Sons (Bolton) announces a taxable profit reduced from £132,084 to £57,480 for the six months to September 30, 1977.

Turnover was higher at £2.96m. against £2.7m. and after tax of £29,890 (£68,684) net profit dropped from £63,400 to £27,590.

For all the previous year, the company achieved a £239,676 pre-tax surplus and paid a single 1.76p net dividend.

Wilkinson Match rises to £7.22m. midway

ARISING MAINLY from improved margins pre-tax profits of Wilkinson Match for the half year to September 30, 1977 rose by 19.7 per cent. from £6.03m. to £7.22m. on turnover up by 5.8 per cent. to £93.67m. The directors expect the full years results to be satisfactory.

Basic earnings per £1 share for the half year are shown as 11.73p (9.77p) and 10.78p (9.14p) fully diluted. The interim dividend is increased from 3.38588p to 3.78177p absorbing £847,000 (£758,000)—last year's final was 4.92635p from record profits of £12.35m.

Consumer products as a whole showed improved performance, the directors state, especially in the U.K. and Western Hemisphere, but results were affected by seriously adverse trading conditions in Italy. Writing instruments in the U.S. traded profitably, but there were continuing problems in the U.K. market. Steps have been taken to correct these problems, they add.

	Half year 1977 £000	1976 £000	Year 1976-77 £000
Turnover	93,675	*88,578	182,695
Operating profits	8,994	7,528	15,289
Consumer prods.:			
Matches, lighters	4,901	3,974	7,583
Personal prods.	1,111	1,863	3,362
Tools & housewrs.	148	74	281
Writing instrmts.	†169	31	†205
Safety & protection	2,019	1,001	2,437
Packaging	807	586	1,600
Other	116	57	65
Interest payable	1,771	1,496	2,943
Profit before tax	7,223	6,032	12,346
U.K. tax	1,976	727	3,995
Overseas tax	2,631	2,361	4,923
Net profit	3,516	2,944	[illegible]
Minority interests	839	726	1,448
Attributable	2,657	2,218	4,560

* Restated to exclude match excise duty. † Loss.

The safety and protection division doubled its operating profit with substantially improved performance in the U.K. home and export markets, and in Australia, and the group's packaging companies continued to make an improved contribution.

A divisional analysis of operating profit (£8.99m. against £7.53m.) in areas shows: U.K. £3.91m. (£3.20m.); Western Hemisphere £1.26m. (£0.79m.); Europe £0.77m. (£1.11m.); Middle East and Africa £1.29m. (£1.39m.) and the Pacific £1.68m. (£1.01m.).

● comment

Wilkinson Match is still digesting some of the problems of the Wilkinson Sword/British Match merger, at a time when volume sales have fallen. Nonetheless the group has improved efficiency — although turnover has risen by only 6 per cent. pre-tax profits have climbed by a fifth. This improvement in first half taxable profits has been achieved after closure costs of part of the personal products — razor blade — marketing operation in Italy, at a total cost (including losses) of £800,000. Personal products operating profits fell by 40 per cent. overall. Other vulnerable areas have included the writing instruments side due to a weak market in the U.K. and the U.S., where there are rationalisation costs to come through in the second half, although not as severe those in Italy. Trading in the first half has been dominated by the strong performance of the match and lighter interests helped by loss elimination on disposable lighters. High margin contracts in the safety and protection activities, where profits doubled, have helped to offset the latter performance in consumer products. Full year profits should be around £14.5m. At 188p (down 6p) the shares sell on an undemanding prospective p/e of 7.7 and yield 7.6 per cent.

Burco Dean doubled

THE PROGRESS reported at mid-way—when an advance from £342,000 to £505,000 was achieved—continued at Burco Dean and pre-tax profits for the year to September 30, 1977, turned in doubled at £1.1m.

Lord Hewlett, chairman, says that the profit improvement was secured by obtaining an increased market share for the company's leading products despite depressed high street trading. The directors policy remains to raise steadily the company's market share in domestic durables and kitchen furniture by the introduction of new products and by the continual development of basic lines.

The progress made in both turnover and profits over the year under review is continuing and the directors expect this to be maintained in the short term.

The tax charge for the year has been formulated in accordance with ED.19. As a consequence the amount transferred from deferred tax to revenue reserve is £1.073m. Comparative figures have been restated on a similar basis.

Earnings per 25p share on present accounting policy are shown at 10.26p (9.21p) and after providing for deferred tax at 7.99p (4.27p). The final dividend is 2.21835p net for a 3.71835p (3.32909p) total.

Dobson Park's peak £11m.

MAINLY BECAUSE of a higher than anticipated increase in the contribution from overseas associates and subsidiaries and the continued good progress within the manufacturing divisions, pre-tax profits of Dobson Park Industries advanced to a record £11.13m. for the 52 weeks to October 1, 1977, compared with £9.08m. for the previous 53 weeks. Group sales expanded from £80.74m. to £98.21m.

The directors state that the result was better than expected at halfway, when they forecast that second-half profit would at least equal the £4.91m. (£4.5m.) reported for the first six months.

In the main trading areas, current orders are encouraging, say the directors who have indicated their confidence in the future by budgeting for a 40 per cent. increase in capital investment in plant and buildings during the current year.

Stated full-year earnings increased to 13.1p (8.3p) per 10p share and the dividend total is lifted to the maximum permitted 2.132p (1.909p) net, with a 1.299p final.

A divisional breakdown of profits shows that mining machinery contributed £3.93m. (£3.36m.), engineering £1.89m. (£1.37m.), Kango £1.61m. (£1.3m.), industrial products £0.75m. (£1.37m.) and property £1.02m. (£0.7m.).

The major changes in the investments in German associates during the year resulted in a favourable contribution to total earnings, including a release of £250,000 from a previous year provision, add the directors. The German subsidiary acquired during the year also made a nine-month trading contribution.

The directors report that the continued good progress and production levels in the mining machinery division resulted in a highly satisfactory year's trading. The profits of the engineering division greatly improved during the second half mainly because of a substantial improvement in the trading results of Markon, manufacturing alternators for the generator market.

As forecast, Kango export sales increased considerably and, although increases in costs affected margins, the overall profits for the year increased by nearly 25 per cent. Industrial products profits were affected by the very adverse trading conditions experienced by Trent Concrete, where demand has continued at a low level.

	52 weeks 1976-77 £000	53 weeks 1975-76 £000
Group turnover	98,208	80,744
Mining machinery	[illegible]	44,231
Engineering*	27,776	23,087
Kango	[illegible]	6,819
Industrial products	16,493	13,623
Property	1,293	924
Overseas subsidiaries	4,581	1,220
Less inter-group	[illegible]	9,154
Share of ovs. assocs.†	2,044	775
Debenture interest	48	49
Other interest	61	154
Pre-tax profit	11,133	9,084
Taxation	3,735	§4,127
Net profit	7,398	4,957
Extraord. debit	120	—
Leaving	7,678	4,957
Interim dividend	495	431
Final dividend	772	701
Retained	6,411	[illegible]

* Includes Markon Engineering results transferred from Kango at commencement of current year. † Includes trading profits of overseas subsidiaries. § Credit. ¶ Adjusted for ED 19.

● comment

Dobson Park's better than expected pre-tax profit growth—at 22½ per cent. following a 9 per cent. gain after six months—has been led by a strong overseas business, underpinned by a 164 per cent. profit rise from overseas subsidiaries and associates. This largely reflects a reorganisation of the German associates which has released £1m. of previous provisions as well as widening the mining machinery product base. Growth from U.K. companies has largely come from higher exports from Kango (electric hammers), Markon (alternators) and Byron Jardine (toy typewriters). However, the group must be concerned about the rise of sterling which has already affected margins at Kango. Lower profits from industrial products, which includes Byron Jardine is due to losses from Trent Concrete. Meanwhile the major U.K. mining machinery division has lifted profits 10 per cent. with better than expected demand for roof supports from the NCB (taking around 85 per cent. of divisional sales). In the current world energy climate the group sees increasing demand for mining machinery and is looking to make a U.S. acquisition in this field. Increased capital expenditure and greater working capital needs may require increased borrowings in the current year but the balance sheet remains strong. The shares at 65½ yield 5 per cent. on a p/e of 4.9.

Greenall Whitley expands to record £10.18m.

PRE-TAX profits of brewers, etc., Greenall Whitley and Co. for the 53 weeks to September 30, 1977, rose by 17.5 per cent. from £8.66m. to £10.18m. on turnover of £107m. against £85m. At the interim stage with profits ahead from £3.3m. to £4.24m. the directors expected the full year's profit to show a satisfactory increase.

They now consider the year's results to be satisfactory having regard to the fact that the second half was affected by a delay in the beer price increase from April until July, and that expenditure on property repairs increased by nearly 50 per cent. They add that current trade remains at an encouraging level.

Earnings per 25p share are shown as 9.95p (8.3p) and the dividend is stepped up to 2.6222p (2.3477p), the maximum allowed, with a final of 1.4123p net.

	53 weeks 1976-77 £000	Year 1975-76 £000
Turnover	107,006	[illegible]
Trading profit	13,861	[illegible]
Property repairs	3,287	[illegible]
Depreciation	1,638	[illegible]
Interest payable	1,028	[illegible]
Investment income	245	[illegible]
Pre-tax profit	10,181	[illegible]
Tax	5,361	[illegible]
Net profit	4,820	[illegible]
Dividends	1,370	[illegible]

● comment

Greenall's figures, showing an [illegible] per cent. increase in second-half profits, are more than fair given the depressed level of demand in the sector and the group's heavy expenditure on property repairs. Overall property repair costs jumped by £1m. to £3.2m. reflecting some heavy expenditure on the assets of Stanneylands, which was acquired earlier in the year and has yet to make any significant contribution to profits. The second half also suffered from labour disputes which hit production of kegged beers including Grunhalle lager. Despite these particular difficulties profits were up in all divisions. Beer volume was higher, bucking the national trend, and even soft drinks had a good summer despite the weather. The company continues to increase its market share and displays the strength of a regional brewer—relatively cheap beers which sell well in both its tied houses and the free trade—plus the added strength (associated with the nationals) of diversification into spirits, soft drinks and hotels. The shares represent reasonable value at 96p where the p/e is 9. The yield is on the low side at 4.2 per cent. but the cover is 3.3 times.

Receiver named for Tri-Ang

Mr. R. P. V. Rees, a partner in the Cardiff office of Deloitte and Co., has been appointed receiver for Tri-Ang Pedigree.

Mr. Rees met officials and shop stewards of the unions concerned at the factory premises yesterday and discussed the situation with them.

It was agreed by all present at the meeting that as far as possible production would continue to January 6 by which time the receiver hopes to be in a position to have assessed the viability or otherwise of continuing the business at an appropriate level.

Mr. Rees emphasised that he had not had an opportunity at this stage for any opinion but he was given a unanimous and firm assurance from the unions concerned to provide full co-operation in this procedure.

G. Ewer ahead—sees £0.8m. plus

MOTOR COACH operators, motor trade distributors, George Ewer and Company, announce first half 1977 pre-tax profits ahead from £290,000 to £404,000 and the directors forecast a year surplus of not less than £800,000 compared with £530,000 for 1976.

First half turnover expanded from £6.62m. to £8.23m. Tax deferred, absorbs [illegible] (£116,000).

Deferred tax of some £600,000 is to be transferred to shareholders funds following the release of ED19.

The Board will consider dividend should be paid when full year's results are known but if at that time the present restrictions are removed, they expect to increase the dividend by more than the permitted maximum of 10 per cent. A single payment for 1976 was 1.192p net per 10p share.

CARDINAL

Cardinal Investment Trust has arranged a new five year multi-currency loan facility of $15m. with Manufacturers Hanover Trust. For the first two years it has been drawn in U.S. dollars at 8½ per cent. per annum.

Vaux at £8.2m. for 17 months

PRE-TAX profits for the 17 months to October 1, 1977, of Vaux Breweries came to £8.24m. on turnover of £93.85m. compared with £4.42m. and £56.55m. respectively for the previous year.

On an annualised basis turnover was £67.75m. for the 12 months to October 1, 1977, against £58.73m. for the previous year and pre-tax profits were £5.74m. against £4.87m.

Earnings are shown at 35.3p per £1 share for the 17 months against 30.2p and the dividend is lifted from 14.038p to the maximum permitted 22.769p net with a final of 11.539p.

	17 months 1976-77 £000	Year 1975-76 £000
Turnover	93,850	[illegible]
Trading profit	9,464	[illegible]
Finance charges	1,222	[illegible]
Profit before tax	8,242	[illegible]
Taxation	4,070	[illegible]
Net profit	4,172	[illegible]
To minorities	7	[illegible]
Pref. dividends	177	[illegible]
Extraord. credits	4,177	[illegible]
Available Ordinary	[illegible]	[illegible]
Ordinary dividends	1,336	[illegible]
Retained	[illegible]	[illegible]

Mr. Paul Nicholson, the chairman, says that beer sales during the summer showed an increase of some 5 per cent. over last year. Sales in Scotland have been better than the general trend and Lorimer's beers are proving increasingly popular.

Swallow Hotels made excellent progress and the policy of limited diversification is proving itself.

The capital expenditure programme, involving some £30m. in the next few years, is on stream. New lagering equipment in Sunderland should be ready in time for next summer's trade and the group hopes to open the new wing at the Royal Scot Hotel in the spring. Facilities have been negotiated with bankers to meet requirements which, with normal overdraft and borrowing facilities, are adequate.

The biggest danger, says the chairman, is that the group may not be able to implement necessary price increases. Improved productivity should keep wage cost per unit within the Government's guidelines but many other costs continue to rise fast.

It is proposed to divide the existing £1 shares into 25p shares which will not only bring the group into line with most of industry, but should also make it easier to market shares. In addition, plans are in hand for profit-sharing scheme with employees can become holders.

Inflation adjusted accounts show historical profit before tax £8.24m., less adjustments for depreciation £1.53m., and for cost of sales £1.01m., and gearing £1.16m., leaving adjusted profit before tax at £6.84m.

Meeting, Sunderland, February 3 at noon.

Alliance assets at £1.25bn.

IN THE 12 months to November, 1977, total assets of the Alliance Building Society, rose from £1,007m. to £1,250m., an increase of 24.1 per cent. The calendar year 1977 will show the largest percentage growth in assets by the Alliance since 1948, says Mr. Roy Cox, the chief general manager.

Mortgage advances rose to a record of £251m. and the number of home loans made to families was 28,201 compared with 25,073 in 1976. The average mortgage loan increased by only 7 per cent. from £8,646 to £9,250, reflecting the modest increase in house prices during the 12 months.

Sums paid in by investors rose by £175m. to a record £535m. and the number of investing members increased by 72,675 to 564,319.

The average investment balance is now £2,096 compared with £1,940 a year ago. However, it now takes four and a-half investors to finance the average mortgage, compared with two and a-half investors in 1967.

Mr. Cox says it has been possible to reduce mortgage rates three times in 1977, from 12¼ per cent. to 9½ per cent. With the improvement in the country's economy there is now a stable outlook for interest rates and the chances of a further reduction in the mortgage rate next month are good, he adds.

SHARE STAKES

Chloride—Directors' holdings increased as a result of the company's option scheme. Mr. P. C. Aspinall 16,360, Mr. D. G. Cochrane 18,100, Mr. J. A. Gilchrist 25,900, Mr. K. R. Hodgson 12,336, Mr. J. W. Ray 16,290, and Mr. M. J. Sharman 23,180 shares.

Marshall's Universal—West of England Trust and its subsidiaries have disposed of 259,041 new Ordinary shares on December 12. Canynge Nominees, a subsidiary of West of England Trust, now holds 1,293,208 Ordinary shares, 26.16 per cent.

Paringa Mining and Exploration—Mr. E. H. Thomas, a director, acquired 10,000 shares on December 6, also on that date a private company, of which he is a director and substantial shareholder, purchased 10,000 shares. On December 7 a private company of which he is a director and substantial shareholder, purchased 10,000 shares.

Mr. Sydney Waissel has purchased 100,000 shares in Headlam Sims and Coggins and now owns 5 per cent. of the equity.

Equity Income Trust—Cornhill Insurance Co and associates have increased their interest in the company to 396,500 shares 10.37 per cent.

Investment Trust Review

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The opinions expressed by contributors to this Review are their own and should not be assumed necessarily to reflect those of the Association

How trust companies are taxed

by Gavin J. N. Gemmell, C.A.

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(Member of the Association's Taxation Committee)

There are two main points to bear in mind when considering the taxation of investment trust companies. Firstly, they are indeed companies and therefore subject to corporate taxation in the same way as trading companies. Secondly, being a collective investment medium, they are rather unusual companies and the tax legislation recognises this by giving certain reliefs. The corporate structure is the dominant feature in the taxation of revenue items and the normal Corporation Tax rate of 52% is charged on unfranked income less expenses and interest. The tax paid on capital gains by an investment trust company and by its shareholders is quite different from that of other companies and is akin to the Capital Gains Tax paid by individuals.

Legislation

Before going into detail it is necessary to discuss the legislation covering investment trusts. A definition of an investment trust is required before any special provisions can be introduced and this is supplied by Section 359 of the Income and Corporation Taxes Act 1970 as amended by the Finance Act. To qualify as an approved investment trust company, a company must comply with certain conditions which may be summarised as follows:

1. It is a U.K. company with ordinary shares quoted on the Stock Exchange and it is not a close company.
2. The company's income is derived wholly or mainly from shares and securities. (The Inland Revenue has indicated that it would normally expect the figure to be in excess of 70%. A lower figure was accepted during the period when interest rates were extremely high.)
3. No holding represents more than 15% of the company's investments.
4. The distribution as income of capital profits is forbidden by the company's Articles.
5. The company does not retain more than 15% of its income from shares and securities in any accounting period.

Having defined an investment trust company*, subsequent Finance Acts have contained amendments to the taxation of those companies which qualify under the existing definition. The taxation of authorised unit trusts is very similar.

Revenue

The income of an investment trust consists mainly of dividends and interest on its portfolio. This income can be split into two main categories: franked income and unfranked income. Franked income is any dividend paid by a U.K. company out of profits which have already suffered corporation tax. The most important item of franked income is dividends from ordinary shares but dividends from preference shares are also franked income. Franked income received by any company may be paid to that company's own shareholders without suffering any further tax. In the case of investment trusts most, if not all, franked income is paid out as dividend and the shareholder receives the same amount as he would if he held the shares direct. The investment trust can be said to be fiscally transparent in respect of franked income.

The main sources of unfranked income are interest on gilts, loan stocks and deposits, and all foreign income. On unfranked income investment trusts are liable to corporation tax and cease to be a conduit between the income on the portfolio and their own shareholders. After corporation tax of 52% the amount available to pay the "net" dividend to shareholders is only 48% of the original gross by contrast to the full 66% available from franked income.

Since corporation tax was introduced in 1965, there has been considerable discussion in the investment trust and unit trust movements about the fairness of collective investment media paying corporation tax. Some years prior to 1965, unit trusts were taxed as a collection of individuals but a change of basis was agreed to enable them to recover tax on their management expenses. If a change back to the old method was agreed it must be assumed that there would be no allowance for management expenses and for interest paid, since private individuals cannot claim relief for these items. This might be acceptable to unit trusts which do not borrow money but it would be likely to cause considerable problems for many investment trusts. In my view we must accept the fact of corporate status which has benefits as well as costs in the taxation of income. The example below shows the calculation of the revenue account figures for a typical investment trust company.

		Unfranked income £	Franked income £
U.K. income gross		200	2,000
Foreign income gross		800	
		1,000	
Less: Expenses and interest paid		400	
		600	
Less: Tax on franked income at 34%			680
Corporation tax at 52%			
Revenue after tax		288	1,320
Dividends paid "net"— Preference	£120		
Ordinary	1,400		
	£1,520	200	1,320
Balance carried forward		£88	£Nil

The example is a simplified version and does not deal with the complication that can arise when foreign withholding tax is substantial. It does, however, show the main principles: franked income passes straight through to shareholders, whereas unfranked income less interest and expenses is subject to corporation tax before it is available for shareholders. The imputed tax credit of 34/66ths is added to dividends paid and can be recovered by shareholders who are not liable to income tax.

The relative magnitudes vary between investment trusts depending on the distribution of the portfolio but franked income is almost always the largest figure and companies with a high U.K. content or large borrowings pay very little corporation tax.

Capital

Industrial companies are liable to corporation tax on capital gains at an effective rate of 30%, the same as the maximum rate for individuals. However, the tax is not paid if the proceeds of sale are reinvested in other fixed assets. This is known as roll over relief. In periods of inflation when the cost of replacing assets is rising, a continuing business will defer the tax indefinitely.

Investment trust companies are liable to corporation tax on capital gains at a reduced rate equal to half the basic rate of income tax, i.e. 17%. Unlike industrial companies there is no roll over relief and so tax is paid on any gains realised. When this system was introduced in the Finance Act 1972, it was recognised that if investment trust shareholders were liable to normal Capital Gains Tax there would be a double taxation between the trust company and its shareholders. For a collective investment medium this would have been harsh, particularly as there was no roll over relief. Section 112 of the Finance Act 1972 allowed investment trust shareholders an automatic credit, currently 17%, equivalent to the rate of tax payable by the trust. At the time this was regarded as a reasonable arrangement, which would ensure that the combined rate paid by the trust and by the shareholder would not exceed 30% and which would be fairly simple to operate. The previous arrangement which involved the issuing of "chits" to shareholders for actual tax paid by trust companies had proved extremely time-consuming to administer.

Future legislation

In practice, the new system has been unsatisfactory for a number of reasons:

1. Section 112 is quite restrictive in its application with the result that the credit cannot be used in some circumstances (e.g. when the shareholder has losses on other investments or can claim exemption under the small disposal rules).
2. Shareholders who are not liable to tax, such as pension funds and charities, cannot use the credit and cannot reclaim the tax paid by the investment trust. They are placed at a disadvantage if they use this collective investment medium which is otherwise well suited to their needs.
3. Shareholders who have to raise cash or who wish to take a view of the market have been encouraged to sell trust company shares in preference to others because of the lower rate of tax. This has increased the volatility of trust company shares and has contributed to the higher levels of discounts to asset value at which they have traded in recent years.

The Inland Revenue has produced a discussion paper on indexation and other methods of allowing for inflation in the calculation of Capital Gains Tax. Any such adjustment would complicate the calculations considerably, particularly for investment trusts, many of whose holdings will have been built up from a variety of transactions over many years. If the 1972 system is continued there will be continued duplication of administrative effort for investment trusts, their shareholders and the Inland Revenue.

The only practical method of giving inflation relief to investment trust shareholders is to exempt trust companies from capital gains tax altogether and to make the full inflation adjustment on the normal tax rates then payable by the shareholders.

* For further details see Appendix A of "Investment Trusts Explained." by A. A. Arnaud. Available from The Association of Investment Trust Companies, Park House (Sixth Floor), 16 Finsbury Circus, London, EC2M 7JJ. Price £2.95 (paperback) plus 35p p. and p. or £5.75 (hardback) plus 40p p. and p.

Around the Market

by Patrick Wiener

Capel-Cure Myers

The tendency to believe that things will never again be the same in the trust market should be resisted. The successful bids for British Investment Trust and Edinburgh and Dundee will remove some £210 million of assets from the movement which brings the total contraction for 1977 up to £325 million. This is small beer compared to total assets of over £6½ billion. Holders of trust shares must derive some encouragement from recent events. Nevertheless, it would be very unusual for any sector of the market to be dominated by take-over expectations over a prolonged period of time. In our view, support for the sector is far more likely in the near term to be influenced by normal investment criteria, which lead us to judge that in relative terms prospects for further out-performance are limited.

Since the trough recorded in August, investment trust shares have out-performed the market by 20%. In relative terms, this still leaves the sector near the bottom of its old trading range, but this has been invalidated by the exceptional divergence between the two leading world markets. Possibly of greater significance, the dividend yield relative now stands at 83 against a recent high of 98.5. Finally, discounts at 25% to full going concern asset value are as low as they have been in three and a half years.

Doubtless further takeovers will occur, and these are bound to exert a favourable influence in the short term. But we would expect such bids to recur at a time when the general level of the stocks market is more universally regarded as attractive. Notwithstanding the cash flows of nationalised industry and other pension funds, and taking account of the appetite for trusts as a means of raising cash, we would still expect incursions into a total market capitalisation of over £4.5 billion to be sporadic rather than explosive.

Net Asset Values

The information in the columns below is supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures, which are in pence except where otherwise stated, are unaudited.

Pence except where £ stated (see note d)

Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
VALUATION MONTHLY						
Alliance Trust	Ordinary 25p	30/11/77	6.35	275.1	283.5	29.2
Capital & National Trust	Ord. & "B" Ord. 25p	30/11/77	*4.0	157.3	160.1	15.1
Claverhouse Investment Trust	Ordinary 50p	30/11/77	3.2	98.6	98.6	1.0
Crossfriars Trust	Ordinary 25p	30/11/77	3.3	100.8	100.8	–
Dundee & London Investment Trust	Ordinary 25p	30/11/77	2.3	81.3	82.8	4.8
Edinburgh Investment Trust	£1 Deferred	30/11/77	6.3	288.6	283.0	19.0
First Scottish American Trust	Ordinary 25p	30/11/77	3.55	114.2	114.1	13.5
Grange Trust	Ord. Stock 25p	30/11/77	†	†	†	†
Great Northern Investment Trust	Ordinary 25p	30/11/77	3.45	131.5	134.1	7.9
Guardian Investment Trust	Ordinary 25p	30/11/77	2.35	103.0	107.5	7.3
Investment Trust Corporation	Ordinary 25p	30/11/77	5.915	257.5	263.5	32.8
Investors Capital Trust	Ordinary 25p	30/11/77	†	†	†	†
Jardine Japan Investment Trust	Ordinary 25p	30/11/77	0.7	168.7	168.7	34.0
London & Holyrood Trust	Ordinary 25p	30/11/77	3.2	145.0	148.7	16.1
London & Montrose Investment Trust	Ordinary 25p	30/11/77	5.25	238.0	242.3	28.0
London & Provincial Trust	Ordinary 25p	30/11/77	3.0	139.7	142.3	16.5
Mercantile Investment Trust	Ordinary 25p	30/11/77	0.95	*49.2	54.1	2.1
Do. Do.	Conv. Debs. 1983	30/11/77	£4.50	£75.70	£81.20	£8.20
Northern American Trust	Ordinary 25p	30/11/77	2.85	120.5	123.6	14.5
Save & Prosper Linked Invest. Trust	Capital Shares	30/11/77	–	149.2	149.2	–
Scottish Investment Trust	Ord. Stock 25p	30/11/77	2.56	123.2	127.1	14.7
Scottish Northern Investment Trust	Ordinary 25p	30/11/77	2.8	122.5	130.8	9.1
Scottish United Investors	Ordinary 25p	30/11/77	1.7	106.6	110.2	17.9
Second Alliance Trust	Ordinary 25p	30/11/77	5.65	234.6	242.9	25.3
Shires Investment Co.	Ordinary 50p	30/11/77	7.56	145.8	145.6	–
Sterling Trust	Ordinary 25p	30/11/77	4.63	218.8	226.2	24.8
Technology Investment Trust	Ord. & "B" Ord. 25p	30/11/77	*2.23	129.1	130.4	13.1
United British Securities Trust	Ordinary 25p	30/11/77	3.975	158.2	159.5	15.8
United States & General Trust	Ordinary 25p	30/11/77	5.11	239.1	243.3	25.0
United States Debenture Corporation	Ord. Stock 25p	30/11/77	3.06	114.8	118.9	12.6
Do. Do.	Conv. Loan Stk. 1993	30/11/77	£5.00	£126.30	£130.80	£13.90
Baillie Gifford & Co.						
Scottish Mortgage & Trust	Ordinary 25p	30/11/77	3.0	142.0	144.4	15.8
Edinburgh & Dundee Investment	Ordinary 25p	30/11/77	3.5	176.7	180.8	20.7
Monks Investment Trust	Ordinary 25p	30/11/77	1.4	64.1	64.8	6.7
Winterbottom Trust	Ordinary 25p	30/11/77	†	†	†	†
Baring Bros. & Co. Ltd.						
Outwich Investment Trust	Ordinary 25p	1/12/77	ø*1.265	ø*63.9	ø*67.5	ø*3.5
Tribune Investment Trust	Ordinary 50p	16/11/77	12.1	594.5	596.8	136.6
East of Scotland Invest. Managers						
Aberdeen Trust	Ord. Stock 25p	30/11/77	4.65	174.2	183.7	14.9
Edinburgh Fund Managers Ltd.						
American Trust	Ord. & "B" Ord. 25p	30/11/77	*1.2	56.3	58.4	4.1
Crescent Japan Investment Trust	Ordinary 50p	30/11/77	–	166.0	166.0	28.5
Electra House Group						
Electra Investment Trust	Ordinary 25p	30/11/77	4.3	135.1	136.7	8.3
Globe Investment Trust	Ordinary 25p	31/10/77	4.1	147.4	147.6	7.0
Do. Do.	Conv. Loan 1987/91	31/10/77	£5.50	£121.10	£121.30	£5.80
Do. Do.	Conv. Loan 1985/90	31/10/77	£8.25	£169.80	£169.80	£8.50
Temple Bar Investment Trust	Ordinary 25p	30/11/77	8.5	230.3	234.9	6.7
Do. Do.	Conv. Loan 1985/90	30/11/77	£5.75	£131.30	£133.90	£3.80
Do. Do.	Conv. Loan 1987/91	30/11/77	£6.00	£99.00	£101.00	£2.90
F. & C Group						
Alliance Investment	Ordinary 25p	30/11/77	2.45	128.8	133.0	11.6
Cardinal Investment Trust	Deferred 25p	30/11/77	3.3	148.1	151.3	13.0
Do. Do.	Conv. Loan 1985/87	30/11/77	£8.00	£118.30	£122.60	–
F. & C. Eurotrust	Ordinary 25p	30/11/77	0.85	61.8	61.8	10.4
Foreign & Colonial Invest. Trust	Ordinary 25p	30/11/77	2.9	204.4	212.3	25.9
General Investors & Trustees	Ordinary 25p	30/11/77	3.4	137.5	143.0	9.5
James Finlay Investment Mgmt. Ltd.						
Provincial Cities Trust	Ordinary 25p	30/11/77	†	†	†	†
Gartmore Investment Ltd.						
Altifund	Income 50p	30/11/77	7.2	102.1	102.1	4.2
Do.	Capital 50p	30/11/77	0.36	246.6	246.6	4.2
Anglo-Scottish Investment Trust	Ordinary 25p	30/11/77	1.6	56.1	58.5	4.0
English & Scottish Investors	Ord. & "B" Ord. 25p	30/11/77	*2.2	89.3	93.2	3.9
Group Investors	Ordinary 25p	30/11/77	1.7	73.1	75.5	5.7
London & Gartmore Invest. Trust	Ordinary 50p	30/11/77	0.5	83.0	86.8	9.0
London & Lennox Invest. Trust	Ord. & "B" Ord. 25p	30/11/77	*2.1	93.7	97.2	11.0
London & Lomond Invest. Trust	Ordinary 25p	30/11/77	2.1	94.4	97.1	5.5
London & Strathclyde Trust	Ordinary 25p	30/11/77	1.375	51.6	53.2	5.2
Meldrum Investment Trust	Ordinary 25p	30/11/77	1.75	55.8	55.8	0.2
New York & Gartmore Investment	Ordinary 25p	30/11/77	0.3	37.8	37.8	3.2
Gartmore Investment (Scotland) Ltd.						
Scottish National Trust	Ordinary 25p	30/11/77	3.45	186.6	190.2	19.7
Glasgow Stockholders Trust	Ordinary 25p	30/11/77	2.05	129.6	133.7	14.4
John Govett & Co. Ltd.						
Border & Southern Stockhldrs. Tst.	Ordinary 50p	30/11/77	7.5	381.2	388.4	38.5
Debenture Corporation	Ordinary 25p	30/11/77	2.75	108.9	111.2	6.3
General Stockholders Invest. Trust	Ordinary 12½p	30/11/77	1.7	137.0	148.0	17.9
Govett European Trust	Ordinary 25p	30/11/77	1.8	84.8	84.8	9.0
Lake View Investment Trust	Ordinary 25p	30/11/77	2.1	118.6	122.4	11.4
Do. Do.	Conv. Loan 1973/98	30/11/77	£4.00	£158.10	£163.20	£15.20
Stockholders Investment Trust	Ordinary 25p	30/11/77	2.05	122.5	127.2	12.8
G.T. Management Ltd.						
Berry Trust	Ordinary 25p	30/11/77	0.875	74.1	74.1	2.6
Do. Do.	Conv. Loan 1993	30/11/77	£4.25	£107.40	£107.40	£5.20
Northern Securities Trust	Ordinary 25p	30/11/77	3.0	145.3	150.9	9.7
G.T. Japan Investment Trust	Ordinary 25p	30/11/77	1.0	*142.4	*139.6	9.5
Do. Do.	Conv. Loan 1987	30/11/77	£8.50	£88.30	£86.60	£3.60
Hambros Group						
Bishopsgate Trust	Ordinary 25p	30/11/77	5.25	236.0	243.4	12.2
City of Oxford Investment Trust	Ordinary 25p	30/11/77	3.0	81.4	84.5	–
Hambros Investment Trust	Ordinary 25p	30/11/77	3.23	120.7	130.3	7.6
Rosedimond Investment Trust	Capital 25p	30/11/77	–	111.6	111.6	0.7
Henderson Administration Ltd.						
Witan Investment	Ord. & "B" Ord. 25p	30/11/77	*1.9	110.7	116.0	10.7
Electric & General Investment	Ordinary 25p	30/11/77	1.3	92.7	92.8	10.4
Greenfriar Investment	Ordinary 25p	30/11/77	1.2	110.7	110.7	9.5
Lowland Investment	Ordinary 25p	30/11/77	2.1	63.4	63.4	1.8
English National Investment	Pref. Ord. 25p	30/11/77	1.74	32.7	33.7	–
Do. Do.	Defd. Ord. 25p	30/11/77	2.06	55.0	59.6	–

Pence except where £ stated (see note d)

Total Assets less current liabilities £million (1)	Company (2)	Shares or Stock (3)	Date of Valuation (4)	Annual Dividend (5)	Net Asset Value after deducting prior charges: at nominal value (6)	at market value (7)	Investment Currency Premium (see note g) (8)
	Philip Hill (Management) Ltd.						
19.4	City & International Trust	Ordinary 25p	30/11/77	4.07	121.5	126.3	8.0
10.8	General & Commercial Inv. Trust	Ordinary 25p	30/11/77	4.85	168.1	177.7	9.5
22.1	General Cons. Investment Trust	Ordinary 25p	30/11/77	3.1	102.4	105.1	5.8
125.8	Philip Hill Investment Trust	Ordinary 25p	30/11/77	6.9	225.5	229.1	6.8
4.8	Moorgate Investment Co.	Ordinary 25p	30/11/77	3.055	93.0	95.3	1.4
37.1	Nineteen Twenty-Eight Inv. Trust	Ordinary 25p	30/11/77	7.55	256.8	265.4	23.0
	Ivory & Sime Ltd.						
42.4	Atlantic Assets Trust	Ordinary 25p	30/11/77	0.4	128.0	134.4	18.6
102.7	British Assets Trust	Ordinary 25p	30/11/77	2.0	86.5	92.5	11.3
34.8	Edinburgh American Assets Trust	Ordinary 25p	30/11/77	0.9	127.3	130.4	24.0
15.8	Viking Resources Trust	Ordinary 25p	30/11/77	0.9	137.9	137.9	11.9
	Keyser Ullmann Ltd.						
11.1	Throgmorton Secured Growth Tst.	£1 Capital Loan Stock	30/11/77	–	–	156.4	–
37.7	Throgmorton Trust	Ordinary 25p	30/11/77	4.0	80.0	83.7	–
	Kleinwort Benson Ltd.						
26.6	British American & General Trust	Ordinary 25p	30/11/77	1.5	51.1	52.1	2.3
†	Brunner Investment Trust	Ordinary 25p	30/11/77	†	†	†	†
†	Charter Trust & Agency	Ordinary 25p	30/11/77	†	†	†	†
40.9	English & New York Trust	Ordinary 25p	30/11/77	2.5	95.8	97.3	7.7
3.9	Family Investment Trust	Ordinary 25p	30/11/77	2.65	88.7	88.7	0.2
2.8	Jos Holdings	Ordinary 25p	30/11/77	2.04	57.9	57.9	1.8
5.8	London Prudential Invest. Trust	Ordinary 25p	30/11/77	2.75	92.3	95.1	6.3
48.2	Merchants Trust	Ordinary 25p	30/11/77	2.6	89.2	92.5	8.7
	Lazard Bros. & Co. Ltd.						
†	Raeburn Investment Trust	Ord. Stock 25p	30/11/77	†	†	†	†
40.3	Romney Trust	Ord. Stock 25p	30/11/77	2.35	113.9	116.2	12.6
	Martin Currie & Co., C.A.						
10.3	Canadian & Foreign Invest. Trust	Ordinary 25p	30/11/77	3.35	142.5	146.3	16.0
19.1	St Andrew Trust	Ordinary 25p	30/11/77	3.65	149.3	154.2	14.9
94.1	Scottish Eastern Investment Trust	Ordinary 25p	30/11/77	3.75	163.0	168.7	20.2
24.3	Scottish Ontario Investment Co.	Ordinary 25p	30/11/77	4.0	165.4	168.0	21.3
56.3	Securities Trust of Scotland	Ordinary 25p	30/11/77	5.65	221.5	240.0	27.1
3.1	Western Canada Investment Co.	Ordinary 25p	30/11/77	16.0	682.7	698.9	77.7
	Murray Johnstone Ltd.						
‡43.6	Caledonian Trust	Ord. & "B" Ord. 25p	30/11/77	*1.6	94.8	98.4	12.4
‡66.1	Clydesdale Investment Trust	Ord. & "B" Ord. 25p	30/11/77	*1.675	91.3	94.1	13.0
16.4	Glendevon Investment Trust	Ord. & "B" Ord. 25p	30/11/77	*1.65	ø*117.8	ø*119.2	ø*17.2
6.1	Glenmurray Investment Trust	Ord. & "B" Ord. 25p	30/11/77	*1.7	92.2	92.2	12.0
16.3	Scottish & Continental Investment	Ordinary 25p	30/11/77	1.2	74.7	74.7	9.2
‡73.0	Scottish Western Investment	Ord. & "B" Ord. 25p	30/11/77	*1.95	113.4	113.4	15.8
‡23.7	Second Great Northern Inv. Trust	Ord. & "B" Ord. 25p	30/11/77	*1.76	104.4	108.0	15.6
	Schroder Wagg Group						
21.0	Ashdown Investment Trust	Ordinary 25p	31/10/77	3.4	179.0	185.5	14.8
	Do. Do.	Conv. Loan 1988/93	31/10/77	£4.75	£125.30	£129.90	£9.90
‡28.6	Broadstone Investment Trust	Ordinary 20p	30/11/77	4.5	187.0	194.8	16.1
	Do. Do.	Conv. Loan 1988/93	30/11/77	£4.50	£124.70	£129.90	£10.80
47.8	Continental & Industrial Trust	Ordinary 25p	30/11/77	5.75	252.3	262.7	18.0
28.9	Trans-Oceanic Trust	Ordinary 25p	30/11/77	4.2	220.3	226.7	21.4
	Do. Do.	Conv. Loan 1988/93	30/11/77	£4.50	£137.70	£141.70	£13.40
12.8	Westpool Investment Trust	Ordinary 25p	30/11/77	2.65	133.1	126.4	12.7
	Do. Do.	Conv. Loan 1989/94	30/11/77	£5.00	£119.80	£122.80	£11.40
	Stewart Fund Managers Ltd.						
73.3	Scottish American Investment Co.	Ordinary 50p	30/11/77	2.15	105.1	106.4	6.5
12.0	Scottish European Investment Co.	Ordinary 25p	30/11/77	1.2	50.0	50.0	2.9
	Touche Remnant & Co.						
96.6	Atlas Electric & General Trust	Ordinary 25p	30/11/77	1.6	77.1	80.0	4.4
30.4	Bankers' Investment Trust	Ordinary 25p	30/11/77	2.3	71.5	76.2	4.6
30.2	Cedar Investment Trust	Ordinary 25p	30/11/77	2.5	84.3	86.8	5.3
39.1	City of London Brewery	Deferred 25p	30/11/77	2.4	74.3	78.4	1.3
29.2	Continental Union Trust	Ordinary 25p	30/11/77	2.85	150.6	156.0	12.3
15.0	C.L.R.P. Investment Trust	Ordinary 25p	30/11/77	1.9	86.8	90.8	5.9
167.6	Industrial & General Trust	Ordinary 25p	30/11/77	1.43	66.7	68.0	4.5
35.7	International Investment Trust	Ordinary 25p	30/11/77	2.34	95.1	100.3	7.1
50.5	Sphere Investment Trust	Ordinary 25p	30/11/77	2.9	146.0	150.6	11.4
61.3	Trustees Corporation	Ordinary 25p	30/11/77	4.0	180.2	185.8	8.2
34.2	Trust Union	Ordinary 25p	30/11/77	2.8	135.0	139.3	7.5
	Williams & Glyn's Bank Ltd.						
3.4	Atlanta Baltimore & Chicago	Ordinary 10p	30/11/77	0.5	65.8	65.8	7.0
12.8	Sizewell European Invest. Trust	Ordinary 10p	30/11/77	1.5	94.8	94.8	8.6
4.1	West Coast & Texas Regional	Ordinary 10p	30/11/77	0.5	79.4	79.4	8.2
	VALUATION THREE-MONTHLY						
5.8	Kingside Investment Co.	Ordinary 25p	30/9/77	1.8	58.1	58.1	0.3
10.8	Safeguard Industrial Investments	Ordinary 25p	30/9/77	3.6	93.7	95.4	–
	City Financial Administration Ltd.						
4.6	Acorn Securities	Capital Ord. 1p	29/11/77	–	97.9	97.9	6.9
16.1	General Funds Investment Trust	Ordinary 25p	25/11/77	4.1	198.7	203.1	9.1
	Do. Do.	Conv. Ord. 10p	25/11/77	–	166.9	170.6	7.6
13.7	"Investing in Success"	Ordinary 25p	16/11/77	2.405	183.2	186.8	19.9
	Drayton Montagu Portfolio Mangmt.						
83.4	Drayton Premier Investment Trust	Ordinary 25p	30/11/77	6.0	249.7	260.1	26.7
	Do. Do.	Conv. Loan 1993	30/11/77	£7.50	£156.10	£162.60	£16.70
	Do. Do.	"A" Conv. Ln. 1993	30/11/77	£7.50	£155.20	£161.70	£16.60
70.8	Drayton Consolidated Trust	Ordinary 25p	30/11/77	4.7	192.3	200.7	21.8
	Do. Do.	Conv. Loan 1993	30/11/77	£7.50	£153.80	£160.60	£17.50
	Do. Do.	"A" Conv. Ln. 1994	30/11/77	£6.50	£156.30	£163.10	£17.70
	Do. Do.	"B" Conv. Ln. 1994	30/11/77	£6.50	£159.50	£166.50	£18.10
48.9	Drayton Commercial Investment	Ordinary 25p	30/11/77	4.0	170.4	175.8	13.4
	Do. Do.	Conv. Loan 1986	30/11/77	£6.25	£136.30	£140.60	£10.70
13.3	English & International Trust	Ordinary 25p	30/11/77	3.5	117.0	122.9	11.6
	Do. Do.	Conv. Loan 1986	30/11/77	£7.00	£141.80	£149.00	£14.00
8.9	Colonial Securities Trust	Deferred 25p	30/11/77	7.0	329.4	344.3	33.8
7.1	British Industries & Gen. Inv. Trust	Deferred 25p	30/11/77	3.4	136.4	140.1	15.0
	Do. Do.	Conv. Loan 1994	30/11/77	£6.50	£151.50	£155.70	£16.70
6.3	Montagu Boston Investment Trust	Ordinary 10p	30/11/77	0.875	63.2	63.2	8.1
5.2	Drayton Far Eastern Trust	Ordinary 25p	30/11/77	0.8	43.1	43.1	7.7
2.6	City & Foreign Investment	Ordinary 25p	30/11/77	–	59.3	59.3	15.8
	East of Scotland Investment Mngrs.						
11.1	Dominion & General Trust	Ordinary 25p	30/11/77	6.75	240.4	240.9	23.3
28.1	Pentland Investment Trust	Ordinary 25p	30/11/77	3.4	150.0	154.3	16.8

* Ordinary/"A" Ordinary only. § Includes special dividend. ø Adjusted for scrip issue. ø Adjusted for rights issue. † Company will announce year-end or results shortly. ‡ See note (h) below. ○ Not directly comparable with previous published figure. B Dependent on "B" share conversions. ‡ Change in the ... since the previous published figure.

Notes:—

Quoted investments are valued at mid-market prices; unquoted at directors' valuation; both include 100 per cent. of any investment currency premium after taking into account the premium on any surplus or on any shortfall of foreign currency assets against foreign currency loans.

All revenue account items are excluded.

No account has been taken of any liability in respect of taxable gains which might arise on future disposal of investments.

(d) Cols. 5-8 Amounts are per share/stock unit or per £100 Convertible Loan Stock. Column 5 precisely stated: columns 6-8 to nearest one-tenth of a penny per share and 10p per £100 Convertible Loan Stock.

(e) Col. 5 Dividend is the last declared annual dividend or firm forecast, excluding imputation credit. Interest on loan stocks is stated gross of income tax.

(f) Cols. 6-7 Prior charges are deemed to include preference share capital.

(g) Col. 8 The amount per share/stock unit represented by 100 per cent. of the investment currency premium applied in calculating the valuation for cols. 1, 6 and 7.

(h) Cols. 6-8 Convertible loan/preference stocks are treated in the way which produces the lower n.a.v. per share. Convertible stocks are treated as fully converted at the rate for the next conversion date, or where a figure is marked "x" as prior charges; warrants or subscription rights are treated as unexercised.

BIDS AND DEALS

Spink & Son suspended at own request

BY CHRISTINE MOIR

The mystery surrounding the future for Spink and Son, the international coin and fine art dealers, deepened to-day, when the shares were suspended at 285p at the company's request. A statement is expected shortly, probably on Monday.

The suspension follows two and a-half months of speculation since the company first announced that it was in bid talks. Only last Friday the talks were officially declared "off" but a number of potential new bidders were said still to be interested.

Top favourite was the stamp dealer, Stanley Gibbons International, which had expressed an interest in Spink. On Wednesday, however, Gibbons announced that it was not holding talks with Spink and would not be making a bid.

Within 24 hours Spink's shares were suspended although the price had not changed during the day and was 45p below the peak to which it had risen during the initial talks.

Only a handful of companies in the numismatic and fine art field are thought to have the financial capacity to acquire Spink. Control is firmly in the hands of the family, who have made it clear they would only sell at a premium.

Net assets in the last balance-sheet are shown at 166p per share but they include a number of properties, including the rambling headquarters in King Street in the City, next to fine art dealers, Christie's. A revaluation of these could virtually double the asset base, according to some City estimates. In addition, stocks are also conservatively valued in the books.

JATEL

The "Indianisation" proposals put forward by Jatel include the flotation of part of a new subsidiary on the Calcutta stock exchange.

Under the "Indianisation" rules, tea companies there have to be registered in India and 26 per cent. must be sold to residents. In Jatel's case, the Indian assets of its subsidiary Jorehaut Tea are to be transferred to a new company in India called Jorehaut Group with effect from January 1, 1978. In due course 26 per cent. will be sold to the Indian public.

Shareholders will be advised of the detailed terms of the transfer when they have been agreed.

BLYTH GREENE LIFTS STAKE IN HARPER GILFILLAN

Blyth, Greene, Jourdain, British based overseas merchants, has agreed to buy additional stakes in Harper Gilfillan Bhd for at least £1½m. Harper Gilfillan is a public company in the Far East with a variety of interests including merchanting, engineering and shipping.

Blyth, Greene, which is an associate of John Swire, is to buy 1.13m. Ordinary shares and 1.62m. loan stock from North Borneo Timbers, a Malaysian public company. The total consideration will amount to a minimum of £1½m. with additional payments depending on profit performance.

The investment will take BGJ's share of Harper Gilfillan's equity to just under 50 per cent. A spokesman said yesterday that the purchase would be subject to approval of the foreign investment committee. BGJ has no intention to increase its stake any further.

BIRMINGHAM ENGINEERS LINK

The Speedwell Gear Case Company and its neighbours, The Tallboys Manufacturing Company, both of Tame Road, Witton, Birmingham, announce that, for reasons of economy, the majority of their sheet metal engineering functions are being combined for accounting and administrative purposes, although that part of Tallboys will be retained as a separate manufacturing division in the Speedwell Group.

The remainder of the Tallboys manufacturing interests are being continued as before.

LADBROKE/L & G

Ladbroke's contested bid for Leisure and General is warming up with Ladbroke quickly replying to L and G's rejection document. Ladbroke noted yesterday that the L and G circular contained no profit forecast. Moreover, "Despite this, the need for funds to finance future capital expenditure and the current borrowings, the Board of L and G has proposed total dividends for the year 1977-78 which will reduce cover from 3.3 to 1.7 on an historic basis."

A wholly owned subsidiary of Ladbroke has bought 20,000 L and G shares in the market at 59p per share.

ASTBURY & MADELEY

Astbury and Madeley (Holdings) announces that agreement has been reached for the purchase of the capital of the Birmingham Steel Company for a consideration of £158,000 cash. The purchase takes effect from January 1, 1978, and completion is fixed for January 3.

The last audited accounts of Birmingham Steel were made up to September 30, 1976, at which date turnover was £979,593, pre-tax profit was £72,765 and net assets £71,037.

In the period up to date, the company has continued to trade at the same levels of turnover and profitability and the agreement has been fixed on the basis of a minimum net asset position of £105,000 at December 31, 1977.

DEUNDI/GADEK IN TALKS

The Boards of Deundi Holdings and Gadek Indonesia announce that, following completion of the revised offer at present being made by Rightwise for Deundi, they intend to open discussions with a view to exploring the possibility of a merger between their respective companies.

The holding of these discussions enjoys the support of Rightwise and its concertees, who are major shareholders in both Deundi and Gadek Indonesia, and accords with the intentions of Rightwise for the development of Deundi as expressed in the revised offer document.

A further announcement will be made as soon as any conclusion to the discussions has been reached. It is, however, anticipated that this may take three months or longer.

Reed sells Donside Paper stake

Latest in a string of disposals by Reed International is the sale of its 50 per cent. interest in Donside Paper for £1.1m. The buyer is the owner of the other 50 per cent., Bowater Corporation.

Reed and Bowater bought Donside in 1969 with the assistance of loans provided by the Industrial Reorganisation Corporation. The mill operates two paper machines and an off-machine blade coater. It made losses of £200,000 in 1975 and £80,000 in 1976 but Mr. H. J. Atkinson, finance director of Bowater U.K., said yesterday that it will make a profit this year.

Mr. Atkinson said that the poor results of the last few years had primarily been because Donside had been used by both Reed and Bowater for "overflow" production. In fact the breakeven point was quite low and he was confident that with more volume the mill could be consistently profitable.

Allocation of production between the existing Sittingbourne mill and Donside could be rationalised so that Donside could do long runs making labels in which it specialises.

BOC/AIRCO

BOC International's approved tender offer for 1.8m. shares of Airco Common stock at a price of $43 a share is expected to commence on January 3, 1978, and to terminate at 5 p.m. New York time, on January 23, unless extended.

If the tender offer is successful, BOC, which already holds close to 34 per cent. of Airco's stock, will own about 49 per cent., of the approximately 11.96m. Airco shares outstanding.

Under the terms of a related agreement, BOC may at any time offer to buy any and all shares held by the public by means of a "takeout" offer. However, it has been agreed that the minimum price of any such tender shall be set by those Airco directors not directly affiliated with Airco or BOC, after taking advice from an independent investment banking firm. If such a tender were made within two years of January, 1978, the minimum tender price could not be less than $43 a share.

Under other terms of the same agreement, BOC must limit its holdings in Airco Securities to 49 per cent. during the five years following completion of the tender offer, except for compelling reasons, such as: If there were an acquisition of a significant block of stock by a third party or group in circumstances that threaten BOC's control of Airco or: in the event of the enactment or imminent enactment of prejudicial legislation which might have a material adverse financial impact on BOC or which might threaten its control.

BOC cannot under any circumstances own in excess of 53 per cent. of Airco shares without offering to buy all the shares held by the public in the manner described above.

DOCKS BOARD TO BUY NEWPORT STEVEDORING

The British Transport Docks Board and the Newport Stevedoring Company have reached an agreement in principle for the Board to acquire the business of the Company. The Board of NSC have agreed to recommend to their shareholders the sale of the business and subject to ratification by all parties concerned, the acquisition will be effective from February 1, 1978.

Commenting on the proposed acquisition, Mr. Keith Stuart, Docks Board managing director, said that it was the Board's aim, wherever possible, to be responsible for the provision of all cargo handling services at its ports, as well as basic infrastructure and equipment: "We have had a good working relationship with the Newport Stevedoring Company, including joint overseas sales missions, but we believe that it is now in the long term interests of the port users if the Docks Board can offer a unified service for the port as a whole."

ASSOCIATE DEALS

On December 14, L. Messel and Co. purchased 20,000 Ordinary shares in Leisure and General Holdings at 50p on behalf of Town and County Factors, a wholly-owned subsidiary of Ladbroke Group.

Rowe and Pitman, Hurst-Brown on December 14 bought for Norwest Holst £42,405 Norwest 7 per cent. convertible stock 1984 at £75 for cancellation.

Robert Fleming and Co. sold for an associate being a discretionary investment client, 150,000 International Combustion (Holdings) Ordinary shares at 97½p.

MORGAN GRAMPIAN FORECASTS £3.75M.

Morgan-Grampian, the publishing group which is subject to an agreed bid from Trafalgar House, has increased its profit forecast for the year to March 1978 by a £½m. to £3.75m. This compares with £2.1m. in 1977.

The formal offer document from Trafalgar House also reveals that five non-executive directors of Morgan-Grampian will resign as soon as the Trafalgar House offer becomes unconditional. They will not receive any compensation for this. The remaining directors of Morgan-Grampian will continue as full-time executives of the company.

DANISH PURCHASE BY PILKINGTON

Pilkington Floatglas AB, the Swedish float glass manufacturing subsidiary of Britain's Pilkington Group, has acquired Glasaktrup A/S, one of Denmark's leading glass merchanting companies.

Acquisition of Glasaktrup consolidates PFAB's position in Denmark where the Danish company has a wide geographical spread of merchanting outlets.

PFAB's float glass plant began production at Halmstad, on Sweden's west coast, in July, 1976.

FOTHERGILL

Fothergill and Harvey announces that agreement, in principle, has been reached with Acheson Industries (Europe) for the purchase with effect from Jan. 2 1978 of the capital of its wholly owned Acheson Treatments.

The company will announce financial details as soon as these have been finalised.

Superstore guidelines disappoint retailers

By Elinor Goodman, Consumer Affairs Correspondent

FOUR OF THE largest developers of superstores said yesterday that they were disappointed by the Department of the Environment's new guidelines on large stores. Only Tesco welcomed the new policy note wholeheartedly.

The guidelines, published on Wednesday, make it clear that the Department would prefer the new kind of very large supermarkets to be built within existing urban areas rather than on the outskirts of towns where they can be reached only by car.

The Co-op, Carrefour, Asda and J. Sainsbury all claimed that the new guidelines would not make it any easier to build superstores. The Co-op said the whole tenor of the note was disappointing. No attention seemed to have been paid to representations made by the trade since the draft version of the document was published 18 months ago.

Asda said that while it welcomed the Department's recognition that large stores were to be welcomed in certain circumstances, it was particularly disappointed by the lack of clarification in the note. It would not help retailers to know the sites for which they might get planning permission, and this meant wasting time and money on abortive applications.

Carrefour, the first company to bring the hypermarket concept to Britain said that, if anything, the note would make it a little easier for the planners to turn down applications for big stores. The guidelines were very unsatisfactory.

Only Tesco welcomed the note without reservations, describing it as "good news for the housewife and the retailer."

Over the last few months Tesco has anticipated to some extent the emphasis on the need to regenerate inner city areas in the Department's policy, and has been looking for sites within urban areas.

Yesterday, Tesco said the Government finally had recognised that large stores were not some kind of "retail bogey" but were an important part of shopping life.

The Government had accepted its own arguments that large stores could do much to revive inner city areas if they were related carefully to social and recreational amenities, Tesco said.

Homes switch in new town

NEARLY 14,000 rented houses in Stevenage new town are to be transferred to Stevenage Borough Council as a result of proposals approved by Mr. Peter Shore, Environment Secretary. This brings to nearly 100,000 the number of houses in new towns to be transferred to local councils next April 1.

The scheme is the last in a series approved by Mr. Shore this year which transfer rented housing and associated property in ten of the earlier new towns to the relevant district councils.

Power discount for Ulster poor

POOR PEOPLE in Northern Ireland will receive 15 per cent. more discount on winter electricity and gas bills than the rest of the country, Mr. Roy Mason, the Northern Ireland Secretary, said yesterday. Prices of gas and electricity are higher in Northern Ireland.

People on supplementary benefit and family income supplement will be given 40 per cent., compared with 25 per cent. in England, Wales and Scotland. A basic £5 will be paid in January to all who qualify. The discount will be paid when bills for meter readings between January 1 and March 31 are presented.

New sawmill

A SAWMILL, costing £250,000 and providing 60 jobs, is to be built by the Economic Forestry Group and Clifford Timber Company at Dunoon, Argyll. Initially it will produce fencing and specialised timber and later timber for the construction industry.

BANK RETURN

—	Wednesday Dec. 14 1977	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	22,996,210	— 5,659,876
Special Deposits	1,125,460,000	+ 14,275,000
Bankers	427,881,206	+ 141,156,974
Reserves & Other A/cs	655,817,871	— 11,506,492
	2,236,706,287	+ 138,235,616
ASSETS		
Govt. Securities	1,591,176,038	— 88,226,000
Advances & Other A/cs	426,031,969	+ 297,551,741
Premises, Equip't & other Secs	163,379,862	+ 656,203
Notes	5,915,157	— 21,763,562
Coin	215,252	+ 35,645
	2,236,706,287	+ 138,235,616
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,025,000,000	+ 150,000,000
In Circulation	8,019,084,863	+ 171,763,562
In Bank'g Dept	5,915,157	— 21,763,562
ASSETS		
Govt. Debts	11,015,100	—
Other Govt. Secs.	7,084,478,084	+ 56,094,810
Other Securities	929,506,816	+ 93,905,190
	8,025,000,000	+ 150,000,000

MONEY MARKET

Further signal on rates

Bank of England Minimum Lending Rate 7 per cent. (since November 25, 1977)

The authorities took advantage of the shortage of credit in the London money market yesterday to repeat its previous message on interest rates. The Bank of England lent a moderate amount for seven days to eight or nine discount houses, at Minimum Lending Rate, to underline the desire for stability in short-term interest rates. The authorities also lent an extremely large amount overnight at MLR, to the same number of houses, and the total amount of assistance was exceptionally large.

Banks carried over large surplus balances, but this was the only factor helping the market.

On the other hand there was a slight net take-up of Treasury bills, a substantial excess of revenue payments to the Exchequer over Government disbursements, a rise in the note circulation, maturing local authority bills held by the authorities, and repayment of the funds lent to the market on Wednesday.

Discount houses paid around [illegible] per cent. for secured call loans in the early part, and closing balances were taken at 5½-6 per cent.

In the interbank market overnight loans opened at 7-7¼ per cent., and eased to 5-6 per cent. at the close.

Rates in the table below are nominal in some cases.

Dec. 15 1977	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	5-7¼	—	—	—	7⅛	6¾-7	—	—	[illegible]
2 days notice	—	—	6⅞-6⅞	—	—	7⅛	—	—	—	[illegible]
7 days or 7 days notice	—	6⅞-7¼	6¾-6⅞	—	6⅞-7⅛	—	6⅝-7	—	—	[illegible]
One month	6¾-6⅝	6 11/16-6 13/16	6⅝-6⅞	7-6½	6⅞-7¼	7⅛	6½-6⅝	6⅝	6 11/16	[illegible]
Two months	6⅝-6⅝	6 11/16-6 13/16	—	7-6½	6⅞-7¼	—	6⅝	6 11/16-6⅝	6⅝	[illegible]
Three months	6¾-6⅝	6 11/16-6 13/16	6¾	7-6½	6⅞-7⅛	7⅛	6¼-6⅝	6 11/16-6⅝	6⅝-6 11/16	[illegible]
Six months	7-6⅞	7-7⅛	7	7¼-6¾	7¼-7½	—	—	—	6 11/16-6¾	[illegible]
Nine months	7⅜-7⅛	7¼-7½	—	7⅜-7¼	7¾	—	—	—	—	[illegible]
One year	7½-7¼	7½-7½	7½	7½-7¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days' fixed. [illegible]

Approximate selling rate for one-month Treasury bills [illegible]

Finance House Base Rates (published by the Finance Houses Association) [illegible]

Bank Deposit Rates (for small sums at seven days' notice) [illegible] Clearing Bank Rates for lending [illegible]

Treasury Bills: Average tender rates of discount [illegible]

National and Commercial chief calls for tax cut

[TH]E IMPORTANCE of improving [pro]fitability in U.K. industry and containing wage increases is [out]lined by Sir James Blair-[Cunyn]ghame in his annual statement as chairman of the National [and] Commercial Banking Group.

[He] argues that progress would [be h]elped "if individual incen[tives] could be improved by [signif]icantly reducing the heavy [burde]n of direct taxation."

[Sir] James also expresses dis[appo]intment with the measures [take]n in October to ease [exch]ange controls, which were [take]n in relation to sterling's [stren]gth." He goes on to suggest [that t]here might be a case for [reconsi]dering last year's [measur]es to stop the use of [sterlin]g in the finance of third [count]ry trade.

[It] was possibly justified at a [time w]hen it was necessary to use [all] means to strengthen sterling, he says. But in the present [circum]stances, "the saving [achieve]d by the once-and-for-all [replace]ment of, say, £1bn. of sterling [bor]rowing by the foreign [currenc]y equivalent no longer [seems a] worthwhile benefit when [set aga]inst the longer-term [damage] to British interests and [to] invisible earnings."

[Comm]enting on the past year's [results,] with group profits up by [... per c]ent. at £84.1m. before tax, [the ch]airman says this was [achieve]d against a background of [increa]singly stagnant demand [for ban]k credit and an average [base ra]te for the year of 10.71 [per ce]nt. compared with 10.39 [per cen]t. for the previous year."

[On] average, he points out, [despite] dramatic movements dur[ing the] year between a peak of [... per] cent. and the 7 per cent. [at whic]h it stood at the end of [the fin]ancial year. The average [margin] between base and retail [deposit] rate, he says, was slightly [lowe]r at 3.81 per cent. against [... per] cent., but it was consider[ably low]er in the last 6 months.

[Agains]t the background of slug[gish ec]onomic development, aver[age ster]ling deposits rose by 9 [per cent]. over the year and aver[age ster]ling advances by only [... per ce]nt. The sterling value of [foreign] currency advances [rose 2]5 per cent. but the cor[respond]ing figure for deposits was [... per c]ent. down.

[At th]e Royal Bank of Scotland, sterling deposits rose by [... per c]ent. and advances by 12 [per cent.] while the bank increased [its forei]gn currency business. The sterling value of foreign currency deposits [rose b]y 36 per cent. and ad[vances b]y 41 per cent.

[William]s and Glyn's Bank, how[ever, show]ed a slower growth in [sterling a]nd cut back in its cur[rency bu]siness. Average sterling [deposits] were 7 per cent. up but sterling advances showed only 1 per cent.

[On th]e foreign currency side, [Williams] and Glyn's has taken de[liberate] steps to run off some of [its de]posits with other banks [to i]mprove the quality of its [book]. As a result, the sterling [value of t]he bank's average foreign [currency] deposits dropped by about 15 per cent. and its advances by 9 per cent.

● comment

The sharp cutback in the currency book of Williams and Glyn's to "improve" liquidity is an intriguing feature of this year's report from National and Commercial Banking Group. In striking contrast the Royal Bank has been rapidly expanding its currency business, and has also been building up its sterling advances at a time when Williams and Glyn's has barely increased its average sterling lending. Part of the explanation for the poor lending performance by Williams and Glyn's may lie in its high exposure to the slack trend of industrial credit demand in the North of England. But it can be no coincidence that management changes, including the departure of Mr. Richard Lloyd, suggest an increasing domination of the group by the Royal Bank. At least the group took advantage of the quiet period to improve its already comfortable balance sheet ratios, but so far the increased facilities now being widely requested by customers are not yet being utilised.

Brit. Anzani agrees with Bankers Tst.

British Anzani, the Maidstone-based engineering to property development concern, has reached agreement in principle with its major creditor, Bankers Trust, and intends to apply for a re-listing of the shares "as soon as practicable." The company said yesterday that the new arrangements should enable the main subsidiaries to trade normally.

Details of the agreement with Bankers Trust International are as follows:

The guarantees in favour of B.T.I. by the B.A. main trading subsidiaries British Anzani Construction Group, Medway Secondary Metals, and Mainstone Paper Converters have been paid in full.

The contingent liability of B.A. to B.T.I. under its guarantees to B.T.I. will be effectively reduced to a sum not exceeding £2m.

To enable B.T.I. to deal directly with the disposal of properties over which it has first charges, and to allow the remainder of the B.A. group to concentrate on its other activities, the directors of the subsidiary companies owning such properties by agreement with and in order to assist B.T.I. have invited B.T.I. to act in its capacity as mortgage or appoint a receiver as appropriate in respect of the Felixstowe Estate and four freehold properties in London, Hampshire and Northampton.

Outlook at Bank Bridge

In the annual report of Bank Bridge Group, Prof. R. Smith, chairman, states that as the group is now a fraction of its previous size it cannot therefore be expected to produce results which could in the forseeable future provide a dividend on its existing issued capital.

The company is trading profitably at present. However, he adds, in spite of drastic cuts, the cost of remaining a listed public company still has to be borne.

The directors are actively seeking situations to promote further growth and it is quite obvious that to achieve this object the issued share capital may have to be reconstructed.

Hawkins & Tipson tops forecast

MANUFACTURERS of ropes, wire products, furniture, etc., Hawkins and Tipson, reports turnover up from £13.4m. to £17.65m. for the year to August 31, 1977, and an increase in pre-tax profits from £844,000 to a record £1,225,000.

At mid-way, when profits were ahead from £280,000 to £520,000, the directors saw no reason why the full-time target of £1m. should not be reached.

Full-year earnings are given at 15.74p (10.47p) per 25p share and the dividend is lifted from 3.575 to 3.993p net with a final of 2.993p.

	1976-77 £000	1975-76 £000
Group turnover	17,647	13,409
Pre-tax profit	1,225	844
Tax	132	117
Attributable	1,093	727
Dividends	277	248

No provision made in accounts for U.K. tax deferred by tax allowances for plant and machinery or for increases in stock and work in progress where it is considered that reduction in liability will continue for foreseeable future. Comparative figures restated.

Downturn at Beechwood Construction

With turnover down from £3.78m. to £3.64m. taxable profit of Beechwood Construction (Holdings) fell from £195,641 to £134,522 in the September 30, 1977, half year.

Mr. M. C. Thomas, chairman, says the results are disappointing, reflecting difficult trading conditions in most of the group's main activities.

Because of continuing losses Port Talbot Electrical Company is to be closed down. Its half-year loss of £55,000 has been excluded from results.

Mr. Thomas says conditions in the civil engineering and construction industries remain highly competitive but there are more encouraging signs for the engineering companies, which will be reflected in full-year results.

Interim dividend is held at 0.5p net per 10p share. A total of 1.8p was paid on profit of £400,898 last year.

Charterhouse ahead £1m.

WITH OPERATING profits from banking and distribution and services showing a strong growth, pre-tax profit of Charterhouse Group climbed from £7.4m. to £8.51m. in the year to September 30, 1977.

Turnover, excluding development capital, banking and associated companies, was £143.98m. against £131.17m. and after all charges and extraordinary items attributable profit was £3.48m., compared with £4.15m. last year. Earnings per share are stated at 5.73p (4.61p).

An unchanged final dividend of 2.175p net per 25p share takes the total to 3.355p (same).

Directors say the banking subsidiary Charterhouse Japhet had an excellent year with profits stemming from increased activity in every department.

While insurance brokerage income showed substantial growth, profits were only marginally better in this division because of increased expenses.

	1976-77	1975-76
Operating profit	13,675	10,930
Banking	1,806	781
Insurance broking	2,872	2,382
Development capital	2,373	2,446
Engineering	3,889	3,906
Construction products	*1,858	2,195
Distribution and services	4,339	2,270
Central expenses	*682	*97
Interest	5,176	4,790
Profit before taxation	8,508	7,413
Tax	3,813	3,680
U.K.	1,644	1,949
Overseas	722	774
Associates	647	661
Net profit	4,695	3,833
To minorities	147	[illegible]
Extraordinary debits	1,606	†692
Leaving	3,481	4,153
Preference dividends	147	147
Ordinary dividends	1,872	1,894
Retained profit	1,462	2,112

* Loss. † Credit.

Overall profits in development capital were maintained and in the engineering side Newage profits rose 21 per cent. on a strong recovery in the order book.

All Alenco's subsidiaries showed an improvement except for the French subsidiary where substantial trading losses were incurred.

A major re-organisation of French activities has been carried out with some closures, and provisions of £1.1m. for the cost of this have been included in extraordinary items.

Extraordinary losses were swollen by a £951,000 loss on the translation into sterling of overseas net assets (£1.81m. gain), less the gain arising on the final conversion of the 8.5 per cent. Loan Stock.

In construction products, Charcon had to contend with the continuing recession in the construction industry and substantial losses were incurred in concrete panels, tunnel segments and portal frames. The panel business was closed in the second half of the year.

These losses were partly offset by profitable operations in kerb and slab and in concrete piles.

For the distribution and services division Edmundson Electrical had a record year. Spring Grove lifted profit by 42 per cent. and Napcolour became a subsidiary during the year. Smaller distribution companies made useful contributions.

Directors say the current year will benefit from revenues from the Thistle Field and the action taken to eliminate loss-making activities in Charcon and Alenco.

They say hte interest bill reflects the high rates payable in the early part of the year and say the debt equity ratio had been reduced o 85 per cent. at September 30.

● comment

The sharpness of the downturn in the construction products contribution through the Charcon company in the second-half, together with larger than expected losses of around £540,000 in Alenco's French subsidiary has left Charterhouse's pre-tax profits lower than earlier market estimates of £9.1m. Government cutbacks which began to bite in the second half led to a £2m.-plus turnround to losses at Charcon on the year. In France the Alenco loss wiped out the 21 per cent. gain of £428,000 in Newage Engineers.

A major reorganisation programme is underway in France for which a below the line provision of £1.1m. has been allocated for closures and costs. Otherwise it has been the Charterhouse Japhet banking arm, which has underpinned the performance. The high level of takeover activity, and demand for the arrangement of export finance has boosted corporate finance profitability. Although brokerage income was up by around a fifth, operating profits at insurance brokers Glanvill Enthoven rose by only 6 per cent. due to rising expenses, currency translations, and bad debt provisions on among other things aviation underwriting failures. Borrowings have risen but the debt equity ratio has been contained at under 1 to 1 thanks to the group adoptin ED 19 provisions for deferred tax. At 59p (up 1p) the shares stand on a p/e of 9.9 and yield 8.9 per cent.

Prince of Wales well ahead so far

Reflecting the much more successful trading which the group is currently enjoying, Prince of Wales Hotels reports a taxable profit of £45,240 for the 28 weeks to July 13, 1977, compared with a loss of £12,167 last time. Profit for the whole of 1976 was £54,741. The directors say that in the past the company's profits have been made in the second half of the year with the first half showing a loss or very insignificant surplus.

Trading is continuing on the same trend in the second half and the full-year results should show a substantial improvement over last year, the directors add.

Again there is no interim dividend, last year's single payment being 2.285p per 25p share.

Turnover for the half year was ahead from £1.25m. to £1.62m. There is no tax charge due to the availability of allowances brought forward.

MINING NEWS

Australian unions urge uranium sales ban

The executive of the Australian Council of Trade Unions yesterday called on member unions to place an immediate ban on uranium exports pending a vote of the rank and file in the uranium industry. The move is a response to the electoral victory of Mr. Malcolm Fraser's Liberal-Country coalition which favours development of the vast Australian deposits.

Union members will be asked to consider as a matter of urgency the proposition that all workers involved in uranium mining ventures should be withdrawn and that other workers should refuse to handle uranium for export.

The interim ban sought by the ACTU would be total, save for uranium required for medical or research purposes.

The immediate reaction from industry leaders was cautious. "I would express the hope that the trade union movement would ultimately see that the development of uranium is in the country's interest and end up supporting it," said Mr. Anthony Grey, the chairman of Pancontinental Mining, which is seeking to bring the Jabiluka deposit to production.

"The election result was tantamount to giving the green light for uranium development. The Australian Labor Party tried and failed to make an issue of it in the campaign. There was a very clear policy distinction between the Liberals, in favour of uranium development, and the ALP which was opposed to it," Mr. Grey added.

In fact, the ACTU's latest move may not be as harsh as it would appear at first sight. The call for a vote in individual unions was foreshadowed last September when a call was made to the Government for a referendum on uranium development. The new element is the interim ban on shipments.

If, however, the unions hold their internal voting in the New Year, and treat the matter with the urgency the ACTU demanded, then only the summer holiday season intervenes. In that period shipments of uranium are likely to be limited, thus giving the interim ban only restricted practical effect.

The unions themselves are in any case divided over the uranium issue. Broadly, unions like the Australian Workers, and the Federated Iron Workers, those most likely to construct and operate the mines, are in favour of development. But those unions which transport the uranium by rail and sea, or handle it at the docks, are opposed.

Significantly, Mary Kathleen Uranium of the Rio Tinto-Zinc group, the only operating mine in Australia, has continued to produce. Indeed, this year there has been a modest increase in output up to the third quarter, the last for which production statistics are available.

Yesterday, Mr. Bob Hawke, the ACTU president, was not prepared to predict the outcome of a process which might solidify existing union divisions. He stated that it might be necessary to hold a special executive meeting to assess the voting but he could not estimate when a final decision would be made.

STATE CASH FOR MARINDUQUE

The Manila copper and cement group, Marinduque Mining Industrial, is turning to the Philippines Government for an injection of cash in exchange for a larger equity stake. Mr. Jacob Cabarrus, the executive vice-president, said yesterday that a formal offer is expected shortly from the Government to boost its stake to 25 per cent. from 12 per cent.

Marinduque is seeking to raise its authorised capital to Pesos 1.3bn. (£96.1m.) from Pesos 1bn., of which Pesos 900m. is paid up, but does not wish to seek funds from private shareholders in view of the depressed metal markets.

Mr. Cabarrus predicted that this year's loss at Marinduque would be about Pesos 35m. (£2.58m.), an improvement on the loss of Pesos 84m. in 1976. The group owes the Government Pesos 52m. in mining royalties for the first nine months of this year, compared with Pesos 25m. for the whole of 1976.

ENDEAVOUR'S $1M. DISPOSAL

Australia's Endeavour Resources has sold its subsidiary, Australian-Thai Tin to NL Industries of New York for $U.S.1.1m. (£0.6m.).

Australian-Thai Tin operates barites mines in Thailand and has continually made losses owing to a restricted shipping season. The company holds substantial resrves of ore which are of importance to the NL Industries baroid division.

Endeavour will continue to manage operations for at least two years under a "cost-plus" management contract. No change is contemplated in Endeavour's 50 per cent. owenrship of Asian Mineral Products which is operating profitably, milling oil-well barites in Singapore. Endeavour were 11p yesterday.

$560M. FIJIAN COPPER HOPE

According to the Jijian Minister of State for Lands and Minerals, Mr. Militoni Leweniqila, an international consortium of mining and smelting companies believes that a $560m. (£304m.) investment might be justified in an open-cast copper mine at Namosi, 25 miles north-west of Suva.

He said that the companies were: America's Amax, South Africa's Anglo American Corporation, West Germany's Preussag and Conzinc Riotinto of Australia, part of the Rio Tinto-Zinc group. So far they are believed to have spent some $9m. on exploration.

In London yesterday a spokesman for the RTZ group confirmed that the project was now being taken into the exploration and evaluation stage, but added that there was no indication that any decision was near.

Mr. Leweniqila also said that other companies have been granted 18 prospecting licenses for copper, zinc and gold. He added that 14 more applications were under consideration.

AZCON'S U.S. ACQUISITION

The Consolidated Gold Fields group's U.S. subsidiary, Azcon Corporation, has acquired a 51 per cent. stake in Stalco Trading of Dusseldorf, West Germany. A 49 per cent. interest in Stalco has been retained by its managing director, Mr. Arno Bull. The purchase price is understood to be less than $0.25m.

Stalco is engaged in the import and export of steel-related products in Europe, the Near East and Africa, as well as the United States.

Azcon is involved in the processing and distribution of carbon, alloy and stainless steel throughout the U.S. and has related manufacturing operations.

MINING BRIEFS

LONDON TIN CORPORATION—Amalgamated Tin Mines of Nigeria November output, tin 146 tonnes concentrates, columbite 16 tonnes concentrates (October 154 tonnes and 24 tonnes respectively).

WHEAL JANE—November production of tin contained in concentrates 51.94 tonnes. October 61.5 tonnes. Mill operated for 26.75 days during November.

Young Austen at £0.25m. halfway

Mechanical, electrical and plumbing contractors Young, Austen and Young more than doubled pre-tax profit from £122,000 to £254,000 in the October 31, 1977 half-year on turnover ahead from £3.06m. to £4.64m.

Directors say that from the figures available they believe full-year results will show an improvement on last year's record £482,701. Group orders for the first six months were "very satisfactory" they say and the future prospects are encouraging.

The result is subject to tax of £132,000 (£63,000). The company does not pay interim dividends and last year an equivalent 3.11295p net per 25p share was paid on the July one-for-three scrip issue.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index reacts 5 in moderate trade

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Dec. 15.

PARTLY REFLECTING investors' disappointment with the Bundesbank's package, announced this morning, to try to boost the anaemic dollar, Wall Street turned easier in moderate trading to-day following yesterday's late rally.

The Dow Jones Industrial Average, up 7.4 on Wednesday, reacted 4.77 to 817.91, and the NYSE All Common Index retreated 22 cents to $51.68, while losses held an edge over gains of 750 to 653. Trading volume amounted to 21.61m. shares, compared with 22.11m. yesterday.

THURSDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Coastal States Gas...	492,400	11	−⅞
Marshall Field	401,700	29½	−2⅝
Sambo's Restaurants	263,000	17⅛	−3⅞
Whirlpool	211,500	21⅞	−⅞
General Motors	205,600	63⅛	−1
Amer. Home Prods.	200,600	28½	−¼
Revlon	133,400	45⅝	+⅛
Exxon	133,200	46¼	−⅛
Occidental Petrol. ...	132,300	22½	−⅛
Continental Oil	128,100	28¼	−

There was also concern that the weekly Money Supply figures would show a substantial rise in the monetary aggregates. After the market close, the Federal Reserve reported that M1 rose $1.8bn. and M2 climbed $2.5bn.

Sambo's Restaurants, delayed throughout the morning, subsequently lost $3⅞ to $17⅛ on the NYSE, but did not trade on the American SE where it last closed at $21⅜—the company stated that it has ended talks which might have led to a take-over bid.

J. Ray McDermott lost $2⅛ to $55⅝, Dome Mines $1⅛ to $62, Marshall Field $2⅝ to $29½, Pullman $1⅞ to $26⅛, and General American Oil of Texas $1⅛ to $31⅛.

San Juan Racing shed $⅞ to $10⅜ on lower second-quarter earnings, but Proler International, which reported sharply higher third-quarter profits, rose $¾ to $18⅞.

PRICES ON the American SE, however, remained firmer-inclined in moderate trading, with the Amex index improving 0.17 more to 125.13 and advances leading declines by 317 to 284. Volume 2.90m. shares (3.18m.).

OTHER MARKETS

Canada mixed

Canadian Stock Markets finished on a mixed note yesterday following further active trading. The Toronto Composite Index was 4.2 higher at 1,039.0, although rises and falls on the Toronto SE were evenly matched. Metals and Minerals advanced afresh by 12.8 to 869.4, while Banks put on 1.61 to 237.10 and Papers 1.53 to 91.30, but Golds came back 10.6 to 1,245.0.

Canadian Imperial Bank, which raised its quarterly dividend, gained $¼ to $34¾, while Crush International, on higher fourth-quarter profits, rose $1 to $10.

PARIS—Small mixed changes occurred in light trading.

Denain and Usinor, however, were particularly dull, falling the day's limit following Denain's announcement that it will pass its dividend.

In brighter mood were Bouygues, up Frs.4.5, and L'Oreal, Frs.6 higher.

BRUSSELS—Local issues continued to show a downward bias in thin trading.

Fabrique Nationale receded 45 to Sw.Frs.2,355 and UCB 8 to Sw.Frs.1,153, but Societe Generale added 40 to Sw.Frs.1,865 and Banque Bruxelles Lambert 42 to Sw.Frs.1,496.

AMSTERDAM — Market was irregular but with an improved undertone, aided by the slight recovery of the dollar and the firmer overnight trend on Wall Street.

Dutch Internationals tended higher, with Royal Dutch adding Fls.0.90. Algemene put on Fls.2.40 in firm Banks, while mainly lower Shippings had a bright exception in KNSM, up Fls.7.

State Loans were steady.

GERMANY—Market recovered modestly, although the continuing Foreign Exchange Market uncertainty kept trading to a low-level.

Commerzbank led leading Banks up to DM1.80 higher, while Motors recorded gains to DM3.

Stores and Engineerings were well maintained, with Demag gaining DM2, but Kloecknerwerke declined DM2 in generally steady Steels. Metallgesellschaft rose prominently by DM8.

Public Authority Bonds gained up to DM0.45, while Mark Foreign Loans were well-maintained.

COPENHAGEN—Banks, Insurances and Commodities were higher, while Shippings and Industrials were mixed.

SPAIN—Most stocks continued to mark time. However, Banco Granada, 170, and Banco Zaragozano, 236, declined 8 and 6 points respectively, while Explosivos Rio Tinto contrasted with a rise of 3.75 to 106.

MILAN—A mixed performance took place in slightly more active dealings at the close of the monthly account.

Montedison firmed sharply by 13.5 to L138 as operators covered open positions.

Snia Viscosa moved ahead 17 to L424, but Pirelli weakened 71 to L1,869 and Fiat 16 to L1,870.

Bonds gained ground in lively trading.

SWITZERLAND—Market was narrowly mixed.

Export-orientated shares, led by Chemicals and Engineerings, lost ground, reflecting the weakness of the U.S. currency.

Domestic and Foreign Bonds rose afresh in continued active trading.

HONG KONG—Easier in moderately active trading.

Hong Kong Bank fell 20 cents to $HK18.00, unsettled by news that Japan Line is seeking deferment of Y13.4bn. of debts. Dealers said that Hong Kong Bank, although not directly affected by Japan Line's difficulties, is closely linked to shipowners with charters to the line.

Among other leading issues, Jardine Matheson declined 10 cents to $HK12.70, Hong Kong Land 5 cents to $HK6.80, and Wheelock Marden 2.5 cents to $HK2.375.

JOHANNESBURG—Golds were easier-inclined on lower Bullion indications in a very quiet market, as operators held positions ahead of the long week-end.

TOKYO—Shares were generally lower after increased activity, reflecting growing concern over the yen's appreciation. The Nikkei-Dow Jones Average fell 11.93 to 4,797.04, with volume amounting to 240m. shares (170m.).

Electricals, Motors and Precision Instruments led the widespread fall, Sony retreating Y40 to Y1,680, Toyota Motor Y10 to Y763, and Canon Y16 to Y398.

Fuji Photo Film lost Y15 to Y495 and Konishiroku Photo Y24 to Y411 following Wednesday's announcement of import tariff cuts on photo film, while Japan Line shed Y2 to Y99 on its rescheduling of debt statement.

AUSTRALIA—Stock prices were firmer for choice, although Uranium issues weakened in late trading on news that the Australian Council of Trade Unions is recommending a ban on uranium exports.

Pancontinental closed 30 cents lower at $A10.20, after rising as high as $A10.90 earlier. Queensland Mines lost 10 cents more to $A2.20.

Elsewhere, CSR rose 5 cents to $A2.90 on the higher interim results, while Ansett added 5 cents at $A1.48 following news of its plans to acquire Avis Rent-a-car System.

Indices

NEW YORK—DOW JONES

	Dec. 15	Dec. 14	Dec. 13	Dec. 12	Dec. 9	Dec. 8	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrial	817.91	822.68	815.23	815.75	818.23	806.91	999.75	800.85	1051.70	41.22

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Dollar erratic

The dollar continued to fluctuate in very thin trading on the foreign exchange market yesterday. It ranged between DM2.12 and DM2.1625 against the D-mark, before closing at DM2.14, compared with DM2.1550 previously. The Swiss franc touched a high point of Sw.Frs.2.0575 and a low level of Sw.Frs.2.10, before closing at Sw.Frs.2.07 against the dollar, compared with Sw.Frs.2.09 on Wednesday.

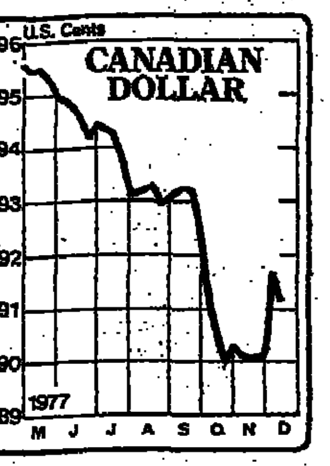
The dollar's trade-weighted average depreciation since the Washington Currency Agreement of December, 1971, as calculated by Morgan Guaranty of New York, narrowed to 3.22 per cent from 4.34 per cent.

The Canadian dollar fell to 91.14¼ U.S. cents from 91.31 cents.

Sterling opened at $1.8535-1.8520 against the dollar and touched a high point of $1.8580-1.8535. It eased to $1.8440-1.8460 as the dollar advanced against most major currencies, and closed at $1.8460-1.8470, a fall of 10 points on the day.

The pound's trade-weighted index against a basket of currencies, as calculated by the Bank of England, rose to 63.5 from 63.4, after standing at 63.6 at noon, and 63.5 in early trading.

Gold fell $1¼ to $158¼-159¼. The krugerrand's premium over its gold content rose to 4.50 per cent, from 4.45 per cent, for domestic delivery, and to 4.48 per cent. from 3.51 per cent. in the international market.



GOLD MARKET

CURRENCY RATES

EXCHANGE CROSS-RATES

EURO-CURRENCY INTEREST RATES

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

GERMANY ♦

TOKYO ¶

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND

COPENHAGEN

STOCKHOLM

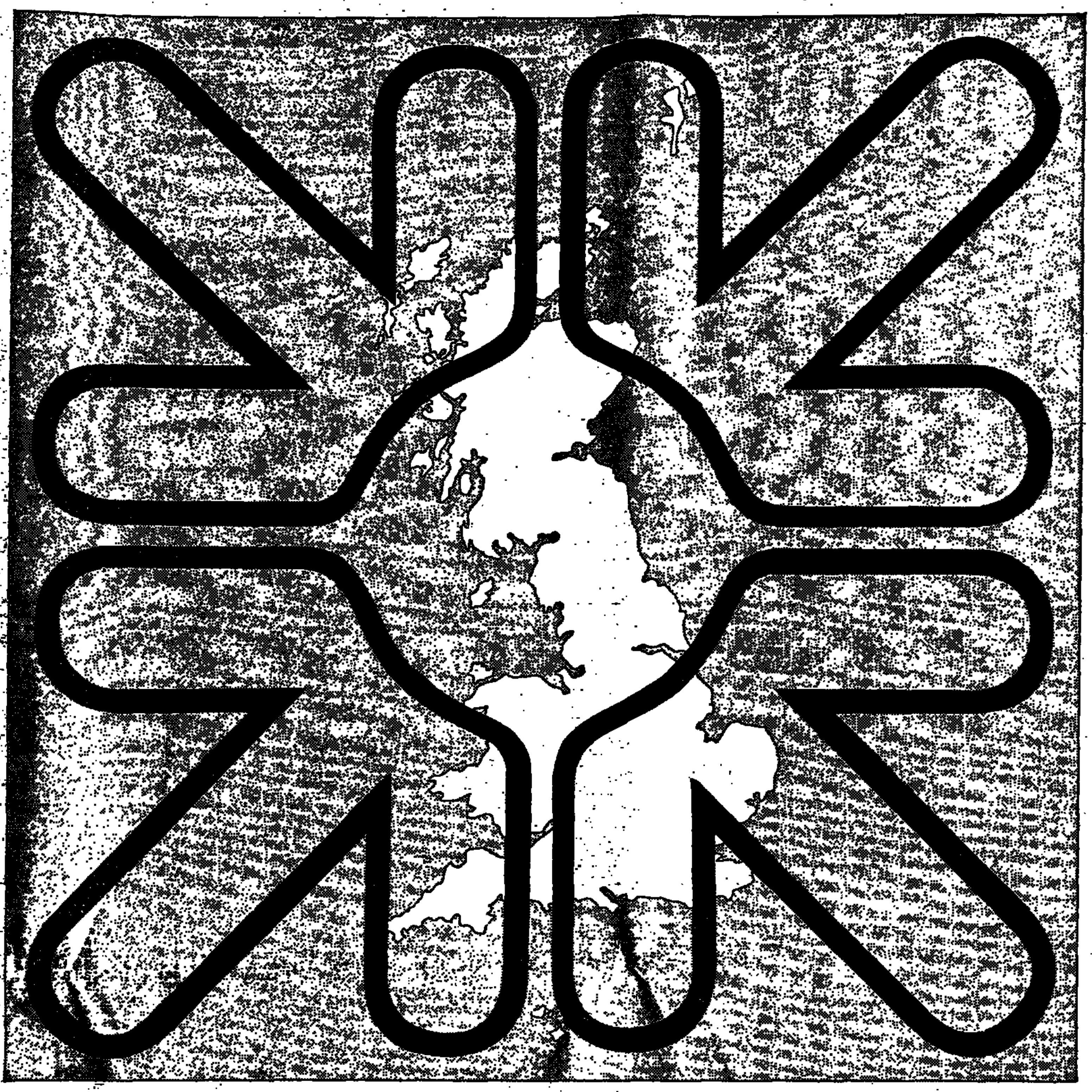
MILAN

VIENNA

SPAIN

National and Commercial Banking Group LIMITED

The Royal Bank of Scotland Limited — WILLIAMS & GLYN'S BANK LIMITED



Symbol of our Strength

The Annual General Meeting of the Shareholders of National and Commercial Banking Group Limited will be held in the North British Hotel, Edinburgh, on Thursday, 12th January 1978, at 12 noon. The following is from the Statement by James Blair-Cunynghame, OBE, LLD, DSc, Chairman of the Board.

THE YEAR'S OPERATIONS
The relatively modest increase in profits for the twelve months has been achieved against a background of depressingly stagnant demand for bank credit and a lower average base rate for the year of 10.71 per cent. which masks dramatic movements in the actual base rate during the year. The average margin between base rate and retail deposit rate was slightly narrower for the year, but was considerably wider in the six months. Against this background of sharp changes in interest rates the underlying sluggishness in the economy was reflected for the year in a growth of average sterling deposits by 9 per cent. and of sterling advances by only 6 per cent. over the year.

Costs rose by about 12 per cent. compared with 17 per cent. in the previous year, reflecting not only the lower inflation rate but also the continued efforts by the Group's two member banks to contain costs in every way and their adherence to the policy of income restraint.

Royal Bank of Scotland Group: The operating profit, excluding the share of associated companies, was £34,050,000 or 8 per cent. more than the previous year. The economic recession, which was slow to affect Scotland than other parts of the United Kingdom, has had a more marked impact during the past year and bank lending has been somewhat depressed. No material improvement is anticipated for the immediate future. Competition for the provision of financial services in Scotland has continued to intensify.

Williams & Glyn's Bank Group: The operating profit, at ...898,000 excluding the share of associated companies, shows an increase of 8 per cent. on the previous twelve months. The process of adapting the branch network to meet customers' needs has been intensified.

THE ECONOMY
There has been a remarkable change in the economic scene since this time last year as evidenced by a strong recovery in sterling, a balance of payments that has moved into surplus, interest rates dramatically reduced and the forecast inflation rate pointing steeply down towards single figures on an annual basis. Most of these trends have shown a marked and almost embarrassing acceleration since the end of July when sterling was allowed to move away from the dollar.

This striking turnaround is principally due to important changes of opinion in two areas. First, the overseas view of the United Kingdom economy started to change following the Government's undertakings to the IMF, from the obvious determination of the trade unions and employers to restrain incomes and finally from the growing evidence that the benefits to our economy from North Sea oil were starting to materialise and on a larger scale than many had anticipated.

Salient Figures

	1977	1976
Group profit before taxation and extraordinary items	£64,095,000	£57,720,000
Profit after taxation but before extraordinary items	£30,162,000	£27,884,000
Earnings per 25p ordinary share	13.4p	12.4p
Dividend per 25p ordinary share	2.6329p	2.3573p
Deposits and customers' current accounts (including notes in circulation)	£3,455,933,000	£3,306,633,000
Total assets	£3,882,571,000	£3,677,529,000

Secondly, and associated with this greatly improved international rating, we have begun to revise our own opinion of ourselves and of our future. This is hard to measure but it is critically important nevertheless. The best evidence of this is the broad recognition by almost every household not only that continuing inflation at the rates we have experienced in the past few years is potentially erosive of all the standards upon which our lives have traditionally been based but also that it could ultimately lead only to destruction. Nevertheless, despite these most significant changes in what others think of us and what we think of ourselves, it is of the highest possible importance to understand that there are but few real signs yet of improvement in the key areas of our economy.

THE SCOTTISH ECONOMY
After a period in which the relative performance of the Scottish economy continued to benefit from oil activity the current position and the outlook are now again dominated by features common to the whole of the United Kingdom. Indeed there are now signs in Scotland that the market both for manufacturing industry and for the important construction sector is, if anything, weaker than for the United Kingdom in general and unemployment has continued to rise faster than the national average.

THE FUTURE
Thus although it is possible that some measure of success is within sight, to achieve it will mean much hard work and even then we shall only be on the early stages of the road to recovery. But even an orderly return to free collective bargaining and adherence thereby to the policy of voluntary restraint would not of itself bring about the improvements in productivity per head and in industrial production which are so critical to our future prosperity. The outcome will not emerge quickly nor can it be forecast easily over the short term. It is essential to continue the process of informing and educating people about the changing society and world in which we live, but apparently simple solutions to our problems or generalisations regarding our situation are mostly superficial and often misleading.

15th November 1977.

Copies of the Directors' Report and Accounts containing the Chairman's full Statement may be obtained from The Secretary, National and Commercial Banking Group Limited, 36 St. Andrew Square, Edinburgh EH2 2YB.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

GERMAN NEWS

MAN sees slower growth in turnover

By Our Own Correspondent

FRANKFURT, Dec. 15.

MASCHINENFABRIK Augsburg-Nuernberg, one of West Germany's leading truck manufacturing and engineering concerns, is expecting to see sales grow at a rather slower rate this fiscal year. Turnover is forecast to rise by about 12 per cent., against 1976-77's 14 per cent.

This means that the parent's sales during 1977-78, which ends on June 30, should amount to about DM4.9bn. after last year's DM4.4bn. Growth, however, was well below the 1975-76 hey-day when sales shot up by 21 per cent.

MAN's order book currently stands at about DM5.8bn.—theoretically enough to maintain current levels of capacity utilisation for 14 months. According to Dr. Hans Moll, the chief executive, this fiscal year is likely to be much like the last. With further pressure on costs, the concern's investment in rationalisation measures will pay off.

Dr. Moll said that the Executive Board expected 1977-78's results to be "satisfactory," and that the dividend should remain at around 1976-77's 12 per cent. Certainly, however, last fiscal year's "extraordinarily" good earnings—a net DM60.1m., against 1975-76's DM55m.—would not be reached.

Dr. Gerd Wollburg, deputy chairman of the M.A.N. Executive Board, said that although the group had started the year with a high order book, this by no means ensured the full utilisation of the group's production capacity. The order position remained unsatisfactory in the steam turbine sector, as well as diesel motors, steel construction and at the GHH Sterkrade subsidiary.

Domestic orders had increased by a gratifying 30 per cent., but overseas bookings had fallen back by 8 per cent. The increase in home orders was more than compensating for the decline in domestic bookings.

Dr. Wollburg, like so many other West German industrialists this year, said that the decline of the dollar against the Deutschemark had increased the burden of costs.

VW overseas sales fall

BY GUY HAWTIN

FRANKFURT, Dec. 15.

VOLKSWAGEN, West Germany's largest car manufacturer, is generally satisfied with the year's results. By the end of 1977, group sales will have risen by about 10 per cent., while profits will allow an increase in dividend and the strengthening of reserves.

Clouds, however, are on the horizon. The main impetus for growth this year was the domestic West German market where sales of the VW and Audi marks rose by 18 per cent. to 833,000 models. Sales by the group's overseas production subsidiaries, on the other hand, declined.

At home, VW increased its share of the West German car market from 1975's 28 per cent. to 30 per cent. This, the concern said to-day, was a result partly of further growth in deliveries of the Golf model, but above all, of the success of the new Audi models.

However, car demand throughout the group as a whole increased by only 3 per cent. to 2.28 units. While VW AG, the West German parent concern, is expecting 1977 figures to show turnover 20 per cent. up from last year's DM16.9bn. to just under DM20bn., group sales are expected to increase by a rather less impressive 10 per cent. from DM21.4bn. to DM24bn.

Herr Toni Schmuecker, the VW chief executive, explained that developments on the dollar front were "a big, big worry." Although VW's dollar position is covered until the end of January and beginning of February, the relationship of the dollar to the D-mark is of vital importance to the company's sales effort in the U.S. market.

Production begins in the New Year at the group's new assembly plant, a timely move in view of the dollar's depreciation. Even so, 35 to 38 per cent. of components for the Rabbit—the U.S. version of the Golf—will be imported from the group's West German plants and the dollar/D-mark rate must have an effect on costings.

VW is currently trying to claw back its share of the U.S. small car market which this decade has fallen from 30 per cent. to between 12 and 13 per cent. in the face of hard Japanese competition. The Rabbit, according to reports, has been selling but VW thinks it will be difficult to achieve the planned 200,000 units a year production rate quickly.

The group is still coping with stiff Japanese competition, both in the U.S. and in other international markets. Herr Schmuecker pointed out that in 1976 every fifth car on the world market was produced in Japan while every 10th car was German. Ten years ago the position was the reverse.

However, Volkswagen is still quick to take advantage of any sales opportunity. A short while ago it concluded a "compensation deal" with the German Democratic Republic to supply 10,000 Golf models a year for two years. To-day, Herr Schmuecker said that the group was negotiating the sale of 1,000 Golf cars to Poland.

Unlike the GDR contract, the Poles are not seeking to pay VW in products. The Polish deal, he said, was on a cash basis, but at the present time it was still an open matter as to whether the contract would be signed.

Not surprisingly, VW has to thank its domestic operations for this year's good results. Herr Schmuecker did not give an estimate of this year's profits.

The Bundestag, West Germany's Parliament, was told to-day that provision had been made in the Federal budget for a capital increase by Volkswagen. It would be sufficient to maintain the Federal Government's shareholding in VW at the current 20 per cent. Although this indicates that the much-rumoured capital increase will take place during the course of 1978, no indication was given either of the size of the planned capital increase, or of the funds the Government has allocated for buying its slice of the newly created shares.

Heineken makes good start to New Year

By Michael van Os

AMSTERDAM, Dec. 15

HEINEKEN, the Dutch-based international beer and drinks group, has started the new financial year well and expects to be able to maintain its dividend.

Although the recently announced scrip issue indicated confidence in the future, this did not mean that the profit per share this year after the capital increase was expected to remain the same, company chairman Mr. Freddy Heineken, said at a Press briefing here to-day on the publication of the annual report.

Looking back over the year to September 30, he said that business had developed well in the second half of the year with profits having shown a "strong increase."

This increase, however, was primarily attributed to the reported growth of beer exports and to increased trading results from participations outside Holland.

As reported earlier, the company's net profits had risen by 18.8 per cent. to Fl.109.6m. on total sales which were up 15.6 per cent. to Fl.2.47bn.

Profit per share has gone up to Fls.11.85 (Fls.9.97).

The Heineken chairman said that his group was looking for further growth abroad, and primarily in the beer sectors.

Expansion in the domestic market was not anticipated. The annual report noted that the company was again able to increase its beer exports this year, despite the rise in cost price passed on in selling prices and the strength of the Dutch guilder.

The increase, which amounted to nearly 500,000 hectolitres, or 23 per cent., was mainly due to higher sales in the U.S. as well as in Nigeria and a number of other west African countries.

No dividend at DNEL

BY DAVID CURRY

PARIS, Dec. 15

IN A LETTER to shareholders, which is one long recital of misery, the French steel holding company, Denain Nord-Est Longwy regrets that it will be unable to pay a dividend for 1977.

The company controls France's biggest steel maker, Usinor, and one of Europe's largest steel tube makers, Vallourec. Usinor has been a financial and industrial disaster area for the past three years. This year Vallourec will also slip into losses.

The letter from the DNEL chairman, M. Jean Hue de la Colombe, is long on woe and short on figures. He says that Usinor will make heavier losses this year than in 1975 when its net deficit was Frs.1.224bn. and 1976 when it was Frs.1.245bn.

The Government's anti-crisis plan for steel has permitted the company to close factories and reduce personnel during 1977, but the financial aid it has received has simply stretched an already over-heavy debt burden. Usinor ended 1976 with Frs.9.7bn. in medium and long-term debt—precisely the same figure as its sales.

Production in 1977 will have dropped below the 7.9m. tonnes of 1976 (or 8.9m. tonnes if the company's stake in Solmer is included).

M. Hue de La Colombe makes short shrift of the Brussels Commission's crisis measures. He says that the inadequate and tardy steps taken by the Commission are doomed to failure if there is no protection of the EEC market from imports. He credits the Brussels plan with provoking only the slightest interest in average prices in markets while export prices have remained rock-bottom.

The first half of next year is expected to be equally difficult and the chairman appeals for drastic but unspecified aid from national and EEC authorities to enable steel to find its feet again.

Banks shore up Nobel-Bozel

BY OUR OWN CORRESPONDENT

PARIS, Dec. 15

THE PRIVATE bank Credit Commercial de France departing rather unhappily from its usual deposit-taking role, is to assume effective control of the metallurgy, paint and chipboard concern Nobel-Bozel.

Its chief partner will be the semi-State Institute for Industrial Development, which is a cross between a merchant bank, a company doctor, and a matrimonial agency for smaller enterprises.

To establish a base for recovery from the financial crisis stemming essentially from its chipboard activities, Nobel-Bozel will ask shareholders next month to approve an increase in capital of around Frs.70m. to about Frs.165m. If the only subscribers for this capital are CCF and IDI the former would emerge with 35 per cent. (it already has 8 per cent.) of the N-B equity and the latter with 12 per cent.

In any event, the holding of the Roussel family, which is apparently unable or unwilling to put new finance at the group's disposal, will fall from its current 42 per cent. The Roussel family ally, the giant German Hoechst group which already controls the Roussel-Uclaf pharmaceutical group, will also probably see its stake trimmed to 20 per cent.

The banks have been pressing for some time over Nobel-Bozel. At the end of September they were behind the appointment of M. Claude-Alain Sarre as company's managing director.

M. Sarre has plenty of experience of the problems of family-dominated companies. He left his job at the Boussac group when the family refused him sufficient scope to tackle financial problems before moving to a different textiles concern, Laniere de Roubaix.

Corco loans deadline extended

BY JOHN WYLES

NEW YORK, Dec. 15.

COMMONWEALTH OIL Refining Company's day-to-day borrowing arrangement with its banks and other creditors has been extended until January 9. This gives the financially troubled company a further breathing space to try to work out a rescue solution and so avoid possible bankruptcy proceedings. Under a previous interim arrangement, the company faced repayment of its $300m. outstanding loans to-day.

The company has said it would be unable to meet its debts, and its only hope appears to be some agreement with Ashland Oil, which until recently was negotiating for a controlling stake. Ashland is primarily interested in acquiring Corco's Puerto Rican refining facilities, which supply about three-quarters of the island's petroleum needs.

With its sales revenues last year of $1.1bn., Corco's collapse would make it one of the biggest corporate failures in U.S. history, ranking with W. T. Grant and Penn Central.

In view of its significance to the Puerto Rican economy, it seems unlikely that whatever the fate of the company, its operations would be simply shut down.

Tandberg asks for aid

BY FAY GJESTER

OSLO, Dec. 15.

TANDBERG, Norway's troubled electronics concern, anticipates a deficit of Kr.100m. (£10m.) on operations this year, and has appealed to the Government for Kr.200m. financial support to take it through the present crisis. Sales on the home market have held up well, helped by a massive advertising campaign, but sales to key export markets, particularly Denmark and Sweden, have fallen far below targets.

Arbeiderbladet, the Oslo newspaper which favours the ruling Labour Party, predicts that the State will probably have to step in as a partner in Tandberg, at least for a time, and that drastic restructuring is inevitable.

EUROBONDS

DM sector higher in late dealings

BY MARY CAMPBELL

ALL EYES WERE on the D-mark sector yesterday. Although the cut in the Lombard rate had been widely expected, the measures announced yesterday to cut back inflows of foreign money in D-marks were not. Details came out too late for most of the day's trading activity but pushed up prices of foreign D-mark bonds in late trading, dealers said.

The discount rate cut had not been expected to have much effect on the capital market. However, with few exceptions, market observers said last night that the moves to effectively stop foreigners receiving interest on deposits with banks in Germany and to stop foreigners buying domestic bonds with maturities of between two and four years would be likely to switch buying interest into foreign bonds, particularly at the short end. Prices of short term bonds were particularly affected in late afternoon trading, dealers said.

It seems that the Megal Finance issue, which was priced at 99½ late yesterday afternoon, might have been priced more generously to investors if the terms had been fixed earlier in the day before the Bundesbank measures were announced.

Until the last couple of days, the D-mark sector had been through a phase of lower investor enthusiasm than has *been seen at times in recent* months. Particularly notable was the fact that a number of issues sank to substantial discounts from their offering price in aftermarket trading.

The two reasons suggested to explain these developments included the historically low level of interest rates and the heights which the currency reached against the dollar.

Yesterday evening it was being argued that these factors will be to some extent offset by the fact that foreign bonds are one of the few D-mark denominated investments open to *foreign investors,* particularly at the short end of the market.

The latest new issue to be announced is *DM100m.* for British overseas bank Standard Chartered. It is expected to offer 6¼ per cent. on a ten-year *(bullet) maturity. Lead manager* is Deutsche Bank.

The management group consists only of three banks—the *other two are* Schroders European Banking.

Confidence overseas

BY *OUR EUROMARKETS EDITOR*

FOREIGNERS HAVE more confidence in sterling than the British, a survey of opinion on *the future of currencies* and interest rates suggests.

According to the survey, by Amex Bank, foreigners expect the pound to be worth $1.86 by the end of 1978 while British respondents expect it to be $1.79.

About half of the 306 respondents were British and half from overseas. They include private bankers, central bankers, company treasurers and financial *directors.*

In line with their news of the currency prospects, foreigners also expect sterling interest rates *to be lower next year than the* British. U.K. observers expect the three month sterling deposit rate to rise from the current 6¾ per cent. to 7¾ per cent. by mid-1978 and 8 per cent. by end-1978. International respondents, by contrast, predict U.K. rates flat at 6¾ per cent. in the next six months, rising to only 7¼ per cent. by end 1978.

Other forecasts resulting from the survey include a strengthening of the U.S. dollar from DM2.15 at the end *of this year* to DM2.21 in mid-1978 and DM2.19 at the end of 1978 and from Sw.Frs.2.11 at the end of *this year to Sw.Frs.2.19 both in* mid-1978 and at the end of next year. The dollar is expected to continue to weaken against the *yen, from Y241* at the end of this year to Y238 in mid-1978 and Y237 at the end of 1978.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9½pc 1989	99½	100
AMEV 8pc 1987	96	96½
Australia 8½pc 1992	96½	97
Australian M. & S. 9½pc '92	100½	101
Barclays Bank 8½pc 1992	98	98½
Bowater 9½pc 1992	99½	100
Can. N. Rly. 8½pc 1986	98½	99
Credit National 8½pc 1986	98	98½
Denmark 8½pc 1984	100½	101
ECS 9pc 1995	100	100½
ECS 8½pc 1997	98½	99
EIB 8½pc 1992	99½	100
EMI 9½pc 1989	99½	100
Ericsson 8½pc 1989	99	99½
Esso 8pc 1986 Nov.	100½	101½
Gt. Lakes Paper 8½pc 1984	98½	99½
Hamersley 9½pc 1992	101	101½
Hydro-Quebec 9pc 1992	97½	98
ICI 8½pc 1987	98½	99
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	100½	101
Massey Ferguson 9½pc 1991	102½	103
Michelin 9½pc 1988	101½	102
Midland Int. Fin 8½pc 1992	98½	99½
Nat. Coal Board 8pc 1987	95½	96½
Natl. Westminster 9pc '86	102½	103
Newfoundland 9pc 1989	100½	101½
Norges Komm. Bk. 8½pc '92	97½	98½
Norpipe 8½pc 1989	97½	98½
Norsk Hydro 8½pc 1992	97½	98½
Oslo 9pc 1988	100½	101
Ports Autonomes 9pc 1991	99½	100½
Prov. Quebec 9pc 1995	96½	97½
Prov. Saskatchwn. 8½pc '86	100½	101
Reed Internatl. 9pc 1987	96½	97½
RHM 9pc 1992	97	97½
Selection Tst. 8½pc 1989	93½	94½
Skand. Enskilda 9pc 1991	100	100½
SKF 8pc 1987	94½	95
Sweden (K'dom) 8½pc 1987	96½	97
Utd. Biscuits 9pc 1989	99½	100½
Volvo 8pc 1987 March	94½	95½
NOTES		
Australia 7½pc 1984	96½	97
Bell Canada 7½pc 1987	97½	98½
Br. Columbia Hyd. 7½pc '85	95½	96½
Canadian Pacific 8½pc 1984	99	99½
Dow Chemical 8pc 1986	100½	101
ECS 7½pc 1982	97½	98
ECS 8½pc 1989	97½	98
EEC 7½pc 1982	97½	98
EEC 7½pc 1984	96½	97½
Enso Gutzeit 8½pc 1984	97	97½
Gotaverken 7½pc 1982	98½	99
Kockums 8pc 1983	97½	99½
Michelin 8½pc 1983	100	100½
Montreal Urban 8½pc 1981	99	99½
New Brunswick 8pc 1984	97½	98½
New Zealand 8½pc 1986	97½	98½
Nordic Inv. Bank 7½pc 1984	96½	97½
Norsk Hydro 7½pc 1982	96	96½
Norway 7½pc 1982	97	97½
Ontario Hydro 8pc 1987	96½	97½
Singer 8½pc 1982	100	100½
Sth. Scotland Elec. 8½pc '81	100	100½
Sweden (K'dom) 7½pc 1982	97	97½
Swedish State Co. 7½pc 1982	97½	98
Telmex 9½pc 1984	99	99½
Tenneco 7½pc 1987 May	94½	95
Volkswagen 7½pc 1987	95½	96½
STERLING BONDS		
Courtaulds 9½pc 1989	95½	96½
ECS 9½pc 1989	99½	100
EIB 9½pc 1992	97½	98½
Finance for Ind. 9½pc 1987	96½	97½
Fisons 10½pc 1987	97½	98½
Total Oil 9½pc 1984	96½	97½
DM BONDS		
Austria 6½pc 1985	105½	106½
BFCE 7pc 1987	102	103
Denmark 6½pc 1983	104	104½
EIB 6½pc 1984	104½	103½
Grand Met. 7pc 1984	100	100½
Hydro-Quebec 6½pc 1987	100	100½
ICI 6½pc 1987	103½	104½
Montreal 7pc 1987	101	101½
Norsea Gas 7pc 1989	104½	105
Norsk Hydro 6½pc 1989	104½	105
Norway 5½pc 1982	102½	103½
Shell 6½pc 1989	107½	108
Spain 6½pc 1984	99	100½
Sweden 6½pc 1984	104½	105
World Bank 6½pc 1987	102	102½
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 15/16pc	98½	99½
BFCE 1984 7pc	97½	97½
BNP 1983 8½pc	98	98½
CCF 1983 7pc	98½	99½
CCMF 1984 6 15/16	97½	98½
Creditanstalt 1984 7½pc	95½	97½
Credit Lyonnais 1982 6½pc	98½	99½
DG Bank 1982 7 15/16	99½	100½

	Bid	Offer
GZB 1981 7½pc	99½	100½
Inntl. Westmstr. 1984 7 15/16pc	98	99½
Lloyds 1983 7½pc	99½	100½
LTCB 1982 6½pc	98½	99½
Midland 1982 8pc	101½	101½
Midland 1987 7 11/16pc	98½	98½
OKB 1983 6½pc	98½	99½
SNCF 1985 6 11/16pc	97	97½
Stand. & Chartd. 1984 6½pc	98½	99
Wlms. & Glyns 1984 7pc	98½	99½

Source: White Weld Securities London

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	80½	82½
Ashland 5pc 1988	92	94
Babcock & Wilcox 6½pc '97	90½	91½
Beatrice Foods 4½pc 1992	94	98
Beatrice Foods 4½pc 1992	106½	108½
Beecham 6½pc 1992	97½	98½
Borden 5pc 1992	100	102
Broadway Hale 4pc 1987	76½	76½
Carnation 4pc 1987	79	81
Chevron 5pc 1988	125	127
Dart 4½pc 1987	79	81
Eastman Kodak 4½pc 1988	85	87
Economic Labs 4½pc 1987	79½	81
Firestone 5pc 1988	82½	84½
Ford 5pc 1988	83½	85½
General Electric 4½pc 1987	82½	84½
Gillette 4½pc 1987	75½	77½
Gould 5pc 1987	112½	114½
Gulf & Western 5pc 1988	77	79
Harris 5pc 1992	146½	148½
Honeywell 6pc 1986	86	88
ICI 6½pc 1992	87	88
INA 6pc 1997	94½	95½
Inchcape 6½pc 1992	103½	104½
ITT 4½pc 1987	79½	81½
Jusco 6pc 1992	101½	102½
Komatsu 7½pc 1990	99	100
J. Ray McDermott 4½pc '87	168	170
Matsushita 6½pc 1990	116½	117½
Mitsui 7½pc 1990	102	103
J. P. Morgan 4½pc 1987	95	97
Nabisco 5½pc 1988	98½	100½
Owens Illinois 4½pc 1987	124	126
J. C. Penney 4½pc 1987	78½	79½
Revlon 4½pc 1987	114	116
Reynolds Metals 5pc 1988	84	86
Sandvik 6½pc 1988	102½	103½
Sperry Rand 4½pc 1987	84½	86½
Squibb 4½pc 1987	79	81
Texaco 4½pc 1988	77½	78½
Toshiba 6½pc 1992	91	92
Union Carbide 4½pc 1982	91½	93½
Warner Lambert 4½pc 1987	81½	83½
Warner Lambert 4½pc 1988	70	75
Xerox 5pc 1988	76½	79½

Source: Kidder Peabody Securities

SAS profit [d]oubled, [b]ut below [t]arget

[By] William Dullforce

STOCKHOLM, Dec. 15.

[SCAN]DINAVIAN AIRLINES [System] (SAS) shows a pre-tax [profit] of Kr.107.4m. (£12.3m.) for [the fin]ancial year ending Sept. 30. [Thi]s more than double the [Kr.]m. recorded in the [previou]s year and represents the [SAS]'s 15th consecutive annual [profit]...an outstanding perform[ance i]n the aviation business [when] operating revenue grew by [...]per cent. to Kr.5.5bn. [(£...)].

[The] SAS Board describes the [result i]n the preliminary report [as "rea]sonably satisfactory" but [says] that it is "below sound [level i]n view of the require[ments fo]r continued investment [in new] aircraft and innovative [servic]es." It also represented [an inade]quate return on capital.

[Earnin]gs would have been [better] had not labour conflicts [which] reduced revenue, it is [said.] Traffic was cut by 17 per [cent in M]ay as a result of a cabin [attendant]s' strike and a Swedish [...]lar union blockade of [air] travel.

[The K]r.107.4m. profit breaks [down t]o Kr.71m. (previous year [...]) from operations and [...] (Kr 13.1m.) net of [extraordi]nary items from the sale [of aircra]ft and other assets. [It includes] SAS's wholly-owned hotel, [catering] and travel agency sub[sidiaries] but not Scanair, the [charter c]ompany, which returned [...] (Kr.2.5m.) pre-tax on a [turnover] of Kr.343m. (Kr.241m.). [It] transported 43 per cent [more pas]sengers than in the pre[vious yea]r.

[In its c]omments on the 1976-77 [results the] Board takes issue with [...]user charges at Scandi[navian air]ports and the easing [of Scandi]navian charter regula[tions. "L]iberalisation coupled [with in]creasing protectionism [on the p]art of many foreign [governme]nts," was causing great [problems] for SAS, it claims.

[The Boa]rd offered no forecast [for the c]urrent year but noted [that the ne]twork was being con[tinually s]treamlined.

Further payment from Dunlop Australia

BY LAURENCE STEPHENS

SYDNEY, Dec. 15.

THE DIVERSIFIED Melbourne-based footwear, rubber and textile group, Dunlop Australia Limited, is making a return of capital to shareholders as the last step in its financial reconstruction, begun five years ago.

Ordinary shareholders will receive 25 cents a share, or a total of $A21.7m., while preference holders will receive $A1 a share, a total of $A1.86m. The move is subject to the approval of both shareholders and the Supreme Court of Victoria.

The directors say assets worth $A23.57m., more than the amount of the capital return, have been realised because they are no longer required in the business. They are urging shareholders to accept the proposal, which they say will mean more efficient financing of business and a higher return on issued capital. It will also improve dividends with better dividend cover and enhance Dunlop's standing in the market.

Following the capital return, Dunlop plans to consolidate each two existing shares of $A1 and subdivide them into three shares of 50 cents (Aust.) each. If the move is accepted, the repayments will be made in December 1978 and there will be no final dividend for that year.

This would mean a payment of 29 cents to each shareholder in 1978 of which 25 cents would be tax free. Under normal circumstances, they would receive a fully taxable annual dividend of 10 cents a share. Directors expect the dividend rate for 1978-79 to be at least 12 cents a share on the reduced capital.

Dunlop has steadily reduced the number of corporations in the group from 300 four years ago to 116, of which 72 are wholly-owned. Since 1972, earnings per ordinary share have grown from 10.9 cents to 19.7 cents, asset backing has improved from 45 cents to $A1.82 a share, borrowings have been cut by $A18m and dividends have grown from 7.5 cents to 10 cents a share.

BHP's steel losses

By Our Own Correspondent

SYDNEY, Dec. 15.

BROKEN HILL Proprietary Co's Steel Division, the thorn in the company's side for some years, is again heading for a large loss after a further drop in output for the six months to November.

Total raw steel output for the period was 3.62m. tonnes against 3.82m. for the same period last year. Directors said production was hampered by industrial problems at the Newcastle and Port Kembla works, both in New South Wales. At Whylla in South Australia technical problems were encountered when a blast furnace developed a chilled hearth.

The steel division has made some significant sales in recent weeks, and the November output is marginally ahead of that for the same month of 1976, but the world scene remains depressed, directors said. The division cost the group $52.32m last year and $30.64m in 1975-76. Another loss this year is a strong possibility although there are signs of an improvement in the second six months.

Meanwhile BHP's petroleum section showed a 9.3 per cent drop in crude oil output and a 6.5 per cent fall in production of liquefied petroleum gas (LPG) mainly due to shipping problems.

IBM begins Indonesia meetings

JAKARTA, Dec. 15

SENIOR OFFICIALS of International Business Machines Corp. (IBM) begin a series of meetings this week to find agreement on interpretation of a 1978 Indonesian law on domestic investment according to the Asian Wall Street Journal.

The law requires foreign companies involved in trading services to transfer control of their sales and distributions arms to Indonesian agents by the end of this year.

Minister of Trade Radius Prawiro—who is representing the government in the talks—has reportedly asserted that a final decision on the IBM case would be reached by Dec. 20.

Under the trading law foreign-owned local companies engaged in direct sales and distribution activities are required to transfer 51 per cent. of their ownership to Indonesian hands or appoint a local agent to handle their trading activities.

Business sources said that Indonesia has claimed that leasing and sale of computer software and maintenance services by IBM's wholly owned local unit—P.T. IBM Indonesia—should be defined as trading activities and thus turned over to Indonesian control.

There are indications a compromise solution may be reached between IBM and Indonesia. Earlier this week Trade Minister Prawiro refused to speculate on a possible withdrawal by IBM.

Moreover, in November he indicated before a parliamentary committee that "a transition period" stretching beyond December 31 might be considered to allow implementation of whatever decision is reached between IBM and the government. However, according to local press reports, Prawiro did not mention the possibility of such a development in announcing the new round of talks here this week.

KENANA SUGAR CO.

Foreign stakes for sale

BY JAMES BUXTON

GULF FISHERIES of Kuwait and the Japanese company Nissho Iawi together with the U.K. based conglomerate Lonrho have been negotiating to sell their shares in the Kenana Sugar Company.

The three companies have been negotiating with the Bank of Khartoum, a state-owned bank in Sudan. Lonrho has a 5.5 per cent. interest in the $160m. capital of Kenana and the other two each has a 2.25 per cent. stake.

Kenana, of the Sudan, is currently building what will be one of the world's largest sugar projects. Lonrho originally conceived the project for producing 300,000-350,000 tons of sugar a year from an 80,000 acre estate, and had the management contract for it until May this year, when Kenana's shareholders withdrew it.

They are understood to have blamed Lonrho for the rapidly escalating cost of Kenana, which was estimated at $125m. when a feasibility study was made in 1973 and which is now expected to cost $600m. before the project comes into full operation in the early 1980s.

For its part Lonrho has claimed that the sole reason it lost the management contract was because it is a requirement of the Kuwait Foreign Trading Investment and Contracting Company (which last year took a 23 per cent. stake in Kenana) that its projects be managed either by a Kuwaiti or a national of the country in which they are sited. Lonrho says it was not prepared to compromise on this issue.

When Kenana's capital was increased from $100m. to $160m. this year, the Sudan government asked the Bank of Khartoum, which has large reserves, to take a stake. It later became clear that Lonrho, Gulf Fisheries and Nissho Iwai wanted to sell their holdings.

However negotiations are held up by the fact that the issue of compensation for Lonrho's loss of the management contract has not yet been resolved.

Gulf Fisheries, a Kuwaiti company managed by Dr. Khalil Osman, a Sudanese entrepreneur, also has a large stake in Lonrho, and Nissho Iwai is supplying equipment for the sugar factory. The price to be paid for the Kenana shares has not been disclosed. Lonrho expects a joint statement to be made about the compensation issue and the sale of the shares sometime next month.

The sale to the Bank of Khartoum will bring a total of 60 per cent. of the company's equity into Sudanese hands. The Sudan government owns 40 per cent., the Sudan Development Corporation ten per cent., and the other shareholders are the Arab Investment Company (17 per cent.) and the KFTCIC (23 per cent.).

MEDIUM TERM CREDITS

Romania to raise $53m. loan

BY MARY CAMPBELL

THE ROMANIAN Bank for Foreign Trade is raising $53m. on the Euromarkets to finance an investment by Romania in a mining venture in the U.S., Eurocurrency banking sources said yesterday.

The investment in the U.S. would be made by Mineral Export Import of Romania, the sources said, by means of a joint venture with Occidental Petroleum.

The loan is for a five-year maturity and will offer a margin over inter-bank rates of 1 percentage point. The lead manager is reportedly First Chicago Ltd., the merchant banking offshoot of the U.S. bank of the same name.

Further details were not available yesterday.

* * *

Motor Iberico, the Spanish engineering company in which Massay Ferguson has a 38 per cent. stake, has arranged a $40m. six-year Euromarket loan. The loan carries a 1½ per cent. margin over inter-bank rates and was arranged by Bank America International Group (appearing under this name for the first time) and Banca Mas Sarda.

The loan, which had originally been scheduled at $35m., was signed in London yesterday.

Diversification at Murray

BY RICHARD STUART

JOHANNESBURG, Dec. 15.

MURRAY AND ROBERTS, South Africa's leading construction firm, is feeling the pinch of the decline in infrastructural expenditure. While this has been evident for some time, it is only now that the contracts written in the last two or three years are being completed and cash is building up in the balance sheet. Cash stood at R17.5m. in the last accounts but this is continuing to accumulate, applying pressure on management to re-invest the funds to maintain earnings.

The latest manifestation of this pressure is the bid, announced yesterday, for a medium sized listed engineering concern, Elgin Fireclay. The entire deal will cost Murray and Robert R7.5m.

The background to this diversification needs examining. Murray and Roberts was formed from the merger of the Cape-based Murray and Stewart and the Transvaal-based Roberts Construction. Douglas Roberts, now the chairman of the holding company, originally split from the Cape-based organisation to set up in the Transvaal where, because of the greater availability of work, the fledgling soon outgrew the parent. The two operations subsequently merged, but continued to be managed independently.

The bid for Elgin Fireclay is being conducted through the Cape-based Murray and Stewart, the division which, until now, has appeared to have substantial construction work on hand. Its major contracts include the Koeberg nuclear power station, the opening up of the lead-zinc mines in the North Western Cape, and the Botany Bay container terminal in Sydney, Australia.

The Transvaal-based Roberts Construction has been buying up engineering based earnings for the last two years and now derives the greater portion of its profits from outside traditional construction activities. Although the two arms of the company have been run totally independently, there is no discernible rationale behind each separate diversification, even if the motivation has been brought about from common fundamentals.

Both the Cape and the Transvaal operations are limited to utilising the heavy cash inflows as currency for diversification, as they have been precluded from using shares in the top company, because of the delicate control situation. While the acquisitions are replacing lost construction earnings, analysts are seriously questioning the wisdom of these actions.

As a group, Murray and Roberts' strength is in its unrivalled technology base, a factor which investors have been able to identify with, and which has always assured the group of a loyal following. The latest moves have not impressed shareholders who have continued to rate the group at a ten plus per cent dividend yield.

Sharp gains at Yamaha Motor

YAMAHA MOTOR Company, the Japanese motorcycle manufacturer, has announced a 48.5 per cent rise in sales, to Y141.50bn (£319m.), for its first-half, to October, from Y95.27bn. in the same period last year, Reuter reports from Tokyo.

Taxed profit also rose sharply by 26.6 per cent., to Y1.81bn (£40.9m.) from Y1.43bn.

The interim dividend is unchanged at Y5.

It was thought by analysts in London last night that a major factor in the sales and profit gains had been increased exports of larger, more profitable motorcycles to the U.S.

Singapore grants CD dollar issues

THE MONETARY Authority of Singapore (MAS) said it has given 25 banks permission to issue negotiable certificates of deposits (CD) in U.S. dollars from January 3 next year, reports Reuter from Singapore.

The minimum denomination of the CD is $50,000 and they may be issued for periods between one month and five years, MAS said.

Comalco prices agreement

BY DAI HAYWARD

WELLINGTON, Dec. 15.

ONLY HOURS before the deadline under which the New Zealand Government would pass legislation to force Comalco to pay 600 per cent. more for its electricity the International Aluminium Company and the NZ Government reached agreement on new electricity charges this week.

It is understood that Comalco will pay an increase of 400 per cent. Comalco said that it could not afford the NZ Government's original claim and threatened to close its giant aluminium smelter at Bluff.

Comalco protested that NZ Government officials refused to accept Comalco figures on the future of the industry. Negotiations were sometimes heated, and Comalco representatives once walked out of a meeting with Government negotiators.

On Monday, the NZ Cabinet approved legislation to force Comalco to pay the 600 per cent. rise sought. This would have been introduced into Parliament this week.

The new agreement contains escalation clauses. Neither the Prime Minister, Mr. Muldoon, nor Sir Donald Hibberd would reveal the final agreement but it is believed to be just above the offer made by Comalco a few weeks ago. It then offered to pay 350 per cent. more, rising to nearly 450 per cent. next April. Mr Muldoon says the new prices were several times greater than the previous price.

Bruxelles Lambert buys Chemins de Fer

BRUSSELS, Dec. 15.

A CONTROLLING stake in Cie Auxiliaire Internationale de Chemins de Fer which runs a group of rail transport companies across Europe has been taken for B.Frs.810m — some £13m — by Cie Bruxelles Lambert SA.

Bruxelles Lambert has owned a quarter of the Chemins equity for some time. The latest deal takes its holding up to a controlling 90 per cent. and an open offer to remaining outside shareholders is proposed by the company.

The acquisition by Bruxelles Lambert consists of 90,000 shares in Chemins which according to a statement from the two companies were valued at B Frs.9.000 each.

Bruxelles Lambert is the financial arm of the Bruxelles Lambert group which was formed late in 1974 by the merger of the Banque Bruxelles and the Banque Lambert.

As an adjunct to its European rail companies, Chemins recently set up a joint company called CHEP with the Australian group Brambles.

Reuter

Profits dip at Carroll

PRESSURE on tobacco margins have depressed the profits of P. J. Carroll for the year ended last September.

Group sales rose by a tenth to £108.6m. but despite a marked improvement in pharmaceuticals, a further satisfactory increase in print and packaging and a solid export performance, profits before interest dipped from a comparable £5.9m. to £5.2m.

Pre-tax and after current cost accounting adjustments, profits are almost a quarter lower at £3.3m. However, a lower tax charge improves the picture at the net level — leaving taxed profits of £1.62m., against £1.83m. anualising the previous 15 months accounting period.

The dividend total is 6.06p a share, compared with current cost earnings of 6.7p.

The company points out that exports currently account for a quarter of tobacco output, but that the year's earnings performance was dampened by rising costs, unfavourable exchange rates and competitive trading conditions.

FARMING AND RAW MATERIALS

NZ-Soviet fishing zone talks

By Dai Hayward

WELLINGTON, Dec. 15.

NEW ZEALAND to-day began talks with the Russian Government officials on access for Soviet trawlers in the New Zealand 200-mile fishing zone.

Last month New Zealand's Prime Minister, Mr. Robert Muldoon, banned Japanese trawlers from New Zealand waters after next April because of the Japanese refusal to lift restrictions on imports of New Zealand beef and dairy products.

Japan has an annual fleet of 350 vessels operating in New Zealand waters. The Soviet Union has proposed a joint fishing operation with a New Zealand based company, and is asking for landing rights in New Zealand to rest and exchange crews.

Soviet fishing activity off the New Zealand coast is second only to the Japanese in size.

Last year Mr Muldoon was extremely critical of Soviet Union opeartions in the South Pacific, particularly through expansion of its fishing fleet. He claimed these were a cover for military build up.

Coffee producers 'united' in campaign for price rise

BY RICHARD MOONEY

COFFEE PRODUCING countries are united in seeking substantial rises in international support prices, Sr. Camillo Calazans, president of the Brazilian Coffee Institute, said in Rio de Janeiro yesterday.

They want the price at which International Coffee Agreement (ICA) export quota arrangements come into force lifted to $2.10-$2.20 a lb from the present 78 cents.

As the present price is around 188 cents this would mean immediate imposition of quotas.

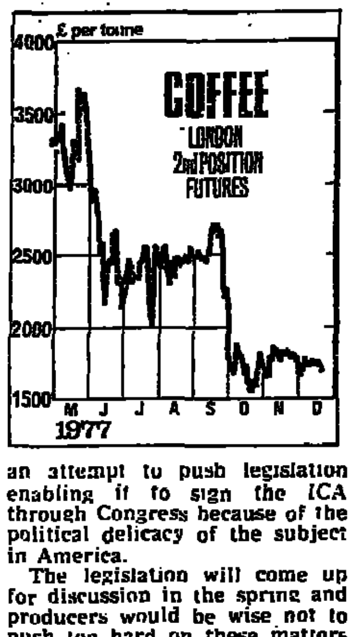
Sr. Calazans told representatives of International Coffee Organisation (ICO) member countries, who are visiting Brazil at the moment, that the higher price was being sought "to stabilise international coffee prices."

He said he did not think the U.S. would take a radical stand against the producers. But market sources in London suggested that the IBC president's statement could cause considerable embarrassment for the Carter Administration.

One dealer described the reference to higher prices and quotas as "tactless." He said the U.S. Government had postponed an attempt to push legislation enabling it to sign the ICA through Congress because of the political delicacy of the subject in America.

The legislation will come up for discussion in the spring and producers would be wise not to push too hard on these matters until it is out of the way, the dealer said.

On the London futures market conditions continued very quiet. The March quotation slipped £25 to £1,712 a tonne during the morning, but recovered to unchanged in the afternoon—encouraged by reports of Sr. Calazans' speech—before closing £16 lower on balance at £1,721.5 a tonne.



Prices have eased gradually during the past two weeks as the New York market squeeze has unwound and physical demand has dried up.

Yesterday's lower tone was encouraged by the arrival of a shipment of over 50,000 tonnes of Guatemalan coffee in New York.

IN WASHINGTON meanwhile the U.S. Agriculture Department announced a slight reduction in its estimate of world coffee production, reports AP-Dow Jones.

Officials said the third world production estimate for the 1977-78 season is 69.6m bags (60 kilo each), down 294,000 bags or 0.4 per cent. from the second estimate issued on September 2.

Exportable production was put in at 52m. bags, down 60,000 or about one per cent. from the September forecast.

Despite the falls, officials said the exportable production was 18 per cent. higher than last season's crop. The overall production estimate was up 14 per cent.

Further fall in tin market

By Our Commodities Editor

TIN PRICES fell for the fourth day in succession on the London Metal Exchange yesterday, following continued speculative selling and an easing in the nearby supply situation.

Standard grade cash tin lost another £135 to £6,910 a tonne and is £445 below the all-time peak reached last Friday.

The three months quotation recorded its biggest fall this week, declining by £105 to £6,717.5 a tonne—£255 down in the past four days.

The copper market was also on the defensive, reflecting the failure of other U.S. producers to follow the domestic price rise announced by Asarco earlier this week. Cash wire bars closed £8.25 lower at £679.25 a tonne.

Higher world sugar output forecast

By Our Commodities Staff

WORLD SUGAR production during 1977-78 is forecast to rise to 92.6m. tonnes, nearly 5.9m tonnes more than in 1976-77, says the second estimate issued by sugar statistician F. O. Licht yesterday. His first estimate earlier this year was 89.95m. tonnes.

Cane sugar production is put at 56,255,000 tonnes and beet at 36,345,000 tonnes. EEC beef production is put at 11,986,000 tonnes.

The increased estimate depressed sentiment on the London terminal market.

Earlier in the day the daily price for raw sugar was cut by £2 to £107 a tonne, and futures prices closed around a £1 lower.

Argentine seeks soya pact

BUENOS AIRES, Dec. 15

ARGENTINA and Brazil are preparing proposals for a soyabean export agreement with the U.S., says Mario Cadenas Madariaga, the Argentine Agriculture and Livestock Secretary.

He did not give details of the proposals nor did he say whether concrete talks with the U.S. were being arranged, reports AP-Dow Jones.

Argentina estimates its 1977-1978 harvest at 2m. to 2.5m. tonnes. Though this is small compared with the U.S. harvest of around 40m. tonnes and Brazil's 11m. tonnes, Argentine officials talk of long-range plans for increasing soyabean production.

FARMING IN ENGLAND

Cross-country ride to the west

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

DURING THIS WEEK I travelled from Andover to Exeter by train, along the old Southern railway, now mainly single-tracked. It was a leisurely journey of 100 miles, which took some 2½ hours, and can be done faster by car.

But to a farmer it is never dull. The line which goes through only one major town, Salisbury, cuts through as wide a spectrum of British farming as any I know.

The journey began on the wide open arable farms on North Hampshire and Wiltshire, the famous chalkland which is selling at more than £1,000 an acre.

It is thin land, which before the days of fertilisers used to be manured by sheep, which were "folded" within wattle hurdles and fed on roots, grain crops weighing little more than a third of the averages to-day.

During the depression much of *the land was derelict, growing* sparse thorn bushes and inhabited by rabbits. The remaining land was often used as a stamping ground for dairy cows which got most of their feed from purchased compound.

To-day it is well farmed in big fields. The work, after a fairly easy autumn, is well up and the autumn sown wheat and winter barley are showing. But in places the crops looked thin, particularly along hedges and woods which demonstrates that rabbits *having somehow become resistant* to myxomatosis are becoming active again.

It is a serious problem, and too few farmers are taking steps to counter it until it is too late, the damage done, and the rabbits have expanded over to the neighbours.

The subsidised rabbits clearance societies almost disappeared once myxomatosis wiped out rabbits. Fortunately, my local society is being re-activated and I have joined it again.

Between Salisbury and Wilton, the line crossed the Wylie Valley one of the loveliest in Southern England. The farming problems here and in the other Wiltshire valleys used to be fairly stereotyped.

The farms were quite large but long and narrow, perhaps a quarter of a mile wide and up to four miles long.

There *would be a small acre*age of meadows, often irrigated, the first slopes for grass and then the main arable was on a sort of plateau. Yet, further on would be a hundred acres or so of downland on which the sheep were *grazed*.

These Wiltshire farms never suffered the depression. The easy growing grass in the valleys and the water for stock enabled cows to be kept which always produced a monthly cheque and supported their owners in business until better times came along.

There were many cows being milked here but the arable land and the downs in general are being farmed in stockless cropping. Where there are sheep they are grazed behind wire fences.

About a dozen miles on, the chalk petered out and almost until Exeter the line passed through the heavier clay land.

Trees abounded although there were many dead or dying elms, hedges and small fields and grass. *It was dairy country with* milk factories in nearly every small town along the line.

Gillingham, near where I started to farm, was reputed to be the centre of the biggest concentration of dairy cows in the country.

Farmers there have no alternative, the holdings are too small and the land too wet for grain growing. Dairy farming, with its tie of milking twice a day is unpopular, and its operators used generally to be looked down on by the chalk-land arable [illegible]. But dairymen have [illegible] every depression while in [illegible] areas corn growers [illegible] decimated.

Few cows were seen [illegible] they are mostly indoors [illegible] time of year to avoid [illegible] the pastures. The only [illegible] outside were young cattle [illegible] white-faced cross-breds [illegible] dairy herd, being wintered on the drier fields.

Cattle do not mind [illegible] their coats, but they do [illegible] dry bed to lie on. Dairy [illegible] can be a dull job on a [illegible] acreage, and dairy farmers [illegible] usually among the most [illegible] of farming politicians.

Near Honiton I saw [illegible] where the sheep, the [illegible] Horns, relatives of the [illegible] start breeding earlier [illegible] year than any other. In [illegible] too, there *were more* [illegible] beef, a few breeding [illegible] pure beef animals around.

The land gets a bit lighter [illegible] there is some very good [illegible] farming indeed on the [illegible] stone around Exeter.

I saw very little bad [illegible] although a lot of flood [illegible] places. A large proportion [illegible] steadings have been [illegible] since the war with the [illegible] asbestos-roofed prefab [illegible] buildings which [illegible] merged with the [illegible] *Farmers appeared to be* [illegible] the best use of the [illegible] their land.

But I was struck by the [illegible] sity of soil types over [illegible] short distance, and the [illegible] very little of it was of [illegible] good quality with high [illegible] fertility, and was so broken [illegible] small fields, and banks [illegible] streams.

If ever the Common [illegible] tural Policy imposed a [illegible] free trade in farm crops [illegible] areas could be at a disadv[illegible]

Danish farmers 'more optimistic'

BY HILARY BARNES

COPENHAGEN, Dec

DANISH FARMERS are more optimistic than they have been for years.

"It's difficult to keep up the pessimism." Mr. Arne Pilegaard Larsen, chairman of the Agricultural Council, said in a joking reference to the gloom that farmers always spread.

The cereals harvest, at 7.1m. tonnes, was the next largest ever and formed a sound basis for raising output next year, he said.

The dairy herd is about 1.2m. head, but good grazing conditions and a general improvement in productivity had raised the milk yield.

The pig herd, which has been falling for several years, showed a small rise this autumn, especially in the number of pigs in sow. There is, therefore, a basis for increased pigmeat production, he said.

With a reduced need to import raw materials next year [illegible] result of the good harvest [illegible] said agriculture would [illegible] larger contribution [illegible] economy next year.

A recent Government [illegible] mic survey and a survey [illegible] Economic Advisory Council forecast a sharp rise in [illegible] tural incomes in the coming [illegible] which, the reports expect [illegible] lead to a rise in agric[illegible] investment of up to 20 pe[illegible]

Minimum price urged for bauxite

By Our Own Correspondent

GEORGETOWN Dec 15.

A MINIMUM price of $U.S.24 a tonne c.i.f. for base grade bauxite sold to North America was recommended at a recent two day meeting of the Council of Ministers of the International Bauxite Association here.

The council agreed also that "in normal market conditions the price of bauxite in that market should be in the region of 2.5 per cent. and 3 per cent. of the American metal market list price for 99.5 per cent. primary aluminium ingot."

The IBA members are free to negotiate individual prices for other markets and grades, and no agreement was announced for alumina prices.

However, bauxite sources here say that a mechanism has been agreed to convert base grade price into a price for bauxite actually shipped.

They were confident that the base grade price would be adhered to by all 11 member countries of the association.

A watchdog mechanism which will initially take the form of a system of reporting to the secretariat in Kingston, Jamaica, is to be set up.

Tory plan for EEC farm policy

BY CHRISTOPHER PARKES

THE ADMINISTRATORS of the Common Agricultural Policy should slaughter cows and not squeeze farmers' incomes, if they want to free the Community from its chronic dairy surpluses.

The Conservative Party's two du[illegible]

"freelance" farm policy makers, Alick Buchanan-Smith and Peter Mills, propose this as an alternative to the line being pursued in Europe by Mr. John Silkin, Minister of Agriculture.

In the second part of their independent report "A Policy for Food," published to-day, they suggest that keeping down farmers' prices for dairy produce forces them to step up output.

"A policy of slaughter of cows, with compensation, may be much more effective than continued squeezing of prices which makes expanded production an economic necessity to survive," they write.

Mr. Buchanan-Smith, MP for North Angus and Mearns, and Mr. Mills, who represents West Devon, stick broadly to the "official" Tory line drawn by Mr. John Peyton, shadow Agriculture Minister.

And they also draw heavily on the ideas of Professor John Marsh of Aberdeen University who recently proposed a system of production quotas and an end to all attempts to draw up "common" prices for farm produce.

Backing Mr. Peyton, and the approach taken by the National Farmers' Union, they call for an immediate 7½ per cent. devaluation of the green pound with further devaluations of, say, 2½ *per cent. every three months.*

The authors claim that a 7½ per cent. devaluation would raise the retail price of food by 2½p in the £, and put 1p in the £ on the cost of living overall.

"Not only would this reduce the unfair competition of subsidised imports to which British farmers are presently subjected, but it would be proof to our European partners of our resolve to operate the CAP," they say.

To deal with other surpluses of perishable goods they recommend a "mongrel" marketing scheme which could enable the Nine to do away with its costly and politically unsavoury intervention system.

Intervention is fine for commodities which are easily stored and disposed of, like cereals, they say. But for other goods such as dairy products and meat, they favour a sort of deficiency payments arrangement similar to that supporting the U.K. beef market at present.

Topping up farmers' prices to guaranteed levels, they claim "avoids expensive storage costs and deterioration in store. It has the advantage of limiting price increases to the consumer."

The authors say that the coming enlargement of the EEC offers an ideal chance for farm policy reform. They point out that there is a lesson to be learned from EEC's experiences with the Common Fisheries Policy which was "cobbled together to suit the original Community at the eleventh hour before Britain, Norway, Denmark and Ireland, all fishing nations, applied to join.

"The CFP is now in a mess," they conclude, providing proof of how much better it would be to evolve new policies to make allowance for the EEC's changed circumstances.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lower on the London Metal Exchange against a background of doubts about whether other producers will follow Asarco's price rise. Forward metal moved to £699 from £696 pre market but retreated in the second morning ring and touched £690 to the early afternoon after selling had touched off stops on Comex. But once this pressure had been removed there was a recovery to a close on the Kerb of £695. Turnover 27,425 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £681.5, 81, three months £696, 95.5, 95, 95.5, 96.5. Cathodes, three months £685, 85.5. Kerb: Wirebars, three months £696, 95, 94.5, 94. Afternoon: Wirebars, mid-March £694, three months £694, 93, 92, 92.5, 94, 97.5, 94.5, 94. Cathodes, three months £682.5. Kerb: Wirebars, three months £694.5, 95, 94.5, 94.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	681.5	–8	679.5	–8.25
3 months	696.5	–.25	694.5	–8.5
Settlem't	681.5	–8		
Cathodes				
Cash	670.5-1	–6.5	667.5-8.5	–8.75
3 months	685.5	–6.75	682.5-3	–8.75
Settlem't	671	–6.5		
U.S. Prod.			60-62.5	

TIN—Easier as the recent lower trend continued. The East was down overnight and forward metal started in London at £6,790. There was continued hedge selling, but high backwardation and chartist selling but this was quickly absorbed with physical demand from the U.S. and Europe. The price descended to £6,715 before moving up to close on the Kerb at £6,725 after a quite active day's trading. Turnover 1,675 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6950-60	–112.5	6900-20	–156
3 months	6750-60	–117.5	6725-35	–95
Settlem't	6960	–110	—	.....
Standard				
Cash	6950-60	–107.5	6900-20	–156
3 months	6740-50	–112.5	6715-20	–105
Settlem't	6960	–105	.....	.....
Straits E.	$1768	–15	.....	.....
New York	—	.....	582	–6.58

Morning: Standard, cash £6,960, 50, 40, three months £6,770, 60, 50, 45, 40, 35, 40. Kerb: Standard, three months £6,720, 25, 35, 35. Afternoon: Standard, three months £6,740, 45, 40, 30. Kerb: Standard, three months £6,720, 25, 25.

LEAD—Easier on balance after trading in a narrow range. The market was subdued, and forward metal, after starting at £378, traded just beneath this level for the rest of the day. There was good buying at £375. The low for the day was £373.5 and the close on the Kerb was £376.25. Turnover 6,700 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	374-.5	–4	373.5	–4.62
3 months	376.5-7	–3.5	376-.5	–4.37
Settlem't	374.5	–4	—	.....
N.Y. Spot	—	.....	*32-35	.....

Morning: Cash £376, 74.5, three months £378, 77, 76.5, 76, 75.5. Kerb: Three months £376, 75.5, 76. Afternoon: Cash £373.5, three months £376, 76.5, 77, 76.5, 76, 75.5, 75.75, 76. Kerb: Three months £376.5, 76, 75.5, 76.

ZINC—Little changed after holding in a £2.25 range throughout the day. Forward metal was £299-298 in the morning but there was more activity in the afternoon with buying interest around £300. The close on the Kerb was £301.25. Turnover 2,850 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	292.75-3.25	–2	293.4	–2
3 months	299.25-.5	–1.75	300-1	–1.87
Settlem't	293.25	–2	.....	.....
Prim.West	.....	.....	30.5-31	.....

Morning: Cash £293, three months £299, 300, 300.5, 300, 299.5, 99.25. Afternoon: Three months £299, 99.5, 300. Kerb: Three months £300, 300.5, 01, 01.5.

Cents per pound. † On previous unofficial close. † $M per picul.

I.G. Index Limited 01-351 3466. May Sugar 130.0-131.0

1. Tax-free trading on commodity futures
2. The commodity futures market for the smaller investor

29 Lamont Road, London SW10 0HS.

COFFEE

Coffee drifted lower in quiet session, reports Drexel Burnham. Dealer scale-down support buying evident at all times when sharp fall threatened. At end of day market appeared to be fairly steady above major support level of 1700-1720 basis March.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1864-65	–14.0	1870-1851
March	1721-22	–16.0	1735-12
May	1632-35	–28.5	1645-20
July	1574-75	–16.0	1585-75
September	1545-60	–22.5	1560-50
November	1515-25	–10.0	1525
January	1485-1513	–15.0	—

Sales: 2,355 (2,133) lots of 5 tonnes.

ICO Indicator prices for Dec. 14 (U.S. cents per pound): Colombian Mild Arabicas 211.50 (same); unwashed Arabicas 215.00 (same); other mild Arabicas 204.60 (203.50); Robustas 170.00 (same). Daily average 187.30 (197.75).

SUGAR

LONDON DAILY PRICE (raw sugar) £107 (£109) a tonne c.i.f. for Dec. shipment. White sugar daily price was fixed at £114.50 (£113).

Initial trades were about 50 points above overnight levels, but during afternoon F. O. Licht increased estimate of world production by 2m tons and heavy selling depressed market by about £2 to close at lows. C. Czarnikow reports.

Sugar Pref. Comm. Conn.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	124.75-24.85	126.10-26.45	126.50-24.75
May	130.80-30.85	131.08-31.58	132.60-30.40
Aug.	134.75-34.75	134.00-34.45	135.45-33.60
Oct.	137.15-37.10	136.50-37.05	138.50-37.00
Dec.	138.35-38.75	139.50-39.50	141.00-39.75
March	142.80-43.00	142.25-45.00	144.00-43.00
May	145.00-45.85	144.50-45.50	146.50-46.00

Sales: 2,934 (3,601) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £240.40 (same) a ton for home trade and £172 (£174) for export.

WOOL FUTURES

LONDON—Slightly more interest shown, reports Bache.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
December	241.0-44.0	+1.5	244.0
March	255.0-59.0	.....	—
May	256.0-58.0	.....	—
July	257.0-59.0	.....	—
October	258.0-41.0	.....	—
December	239.0-42.0	–2.5	—
March	242.0-46.0	+0.5	—
May	244.0-46.0	.....	—

Sales: 5 (nil) lots of 1,500 kilos.

SYDNEY GREASY (cents per kilo: in order buyer, seller, business, sales)—Micron Contract: Dec. 339.0, 339.5, 339.8-[illegible]

[illegible]

tray 3.00-3.50. Grapes—Spanish: Napoleon 11 lbs 3.60-4.00, Almeria 3.00-3.40. Bananas—Jamaican: Per pound 0.14. Melons—Spanish: Green 3.50-4.40; Senegal: 4.00; Israeli: 4.00-4.50. Tomatoes—Per 6 kilos, Canary: 3.80-4.40; Spanish Mainland: 3.50-4.40. Capsicums—Canary: Per pound 0.28. Cucumbers—Canary: 2.60-3.00. Avocados—Israeli: 2.90-3.00. Dates—Iraqi: 52 x 8 ounces 0.17 each; Algerian: 8-ounce boxes 0.33-0.38; Californian: 8-ounce tubs 0.26-0.27. Figs—Turkish: 48 x 8 ounces 0.13 per packet. Chestnuts—Italian: 10 kilos 4.80-6.00; Portuguese: 20 kilos 5.00-6.00; Spanish: 5 kilos 3.00-3.50. Cranberries—U.S.: Per box 18 x 8 ounces 3.24. Onions—Spanish: 2.30-2.50; Polish: 1.70, Picklers 55 lbs 3.30. Brazils—No. 1 LWM per pound 0.45, tocantins 0.40. Filberts—Naples: Per pound 0.33-0.34. Walnuts—Chinese: Per pound 0.25-0.30. Almonds—Ibiza: Per pound 0.36. Cauliflowers—French: 24's 3.00; Jersey: 3.00. Celery—Spanish: 24/36's 2.20-2.40. Potatoes—Italian: 20 lbs 2.80; Canary: 26 lbs X King Edwards 3.00, 55 lbs XX King Edwards 5.50.

English produce: Potatoes—Per 56 lbs. Whites/Reds 1.00-1.30. Lettuce—Per 12, indoor 1.10-1.20. Cabbage—Per ½-bag Primo 0.60. Cauliflowers—Per 12, Kent 1.70-2.00, Cornish 24's 2.00-2.20. Beetroots—Per 28 lbs 0.60-0.70. Carrots—Per bag 28 lbs 0.50-0.60. Onions—Per 56 lbs 1.00-1.40. Celery—Pre-pack 18/22's 2.50, naked 10/12's 0.80-1.20. Swedes—Per bag, Devon 0.40-0.50. Apples—Per pound, Laxton 0.11-0.12, Derby 0.10, Russets 0.11-0.14, Cox's 0.16-0.24, Bramleys 0.10-0.13. Pears—Per pound Conference 0.10-0.16, Comice 0.15-0.18. Sprouts—Per pound 0.05-0.08. Parsnips—Per 28 lbs 0.50-0.60. Turnips—Per 28 lbs 0.60-0.70. Cob nuts—Per pound 0.20. Rhubarb—Per pound 0.23-0.25.

VEGETABLE OILS

LONDON PALM OIL—Close: Jan. 285.00-295.00, Feb. 280-295.00, March 280.00-295.00, April 280.00-295.00, May 280.00-285.00, June 280.00-285.00, July 262.00-280.00, August 262.00-280.00.

★

LONDON SOYABEAN OIL—Tightness in nearby position continues, but forward months drifted lower in line with weaker Chicago oil market, reports Grosvenor Commodities. Close: Dec. 328-315, Jan. 320-310, Feb. 314-295, March 298-292, April 293-290, May 287-287, June 290-287.50, July 290-286, Aug. 290-285. Sales: 5 lots.

DUNDEE JUTE—Quiet. Prices c and f U.K. for early shipment: BWB £243, BWC £236, BWD £228. Tossa: BTB £247, BTC £236, BTD £228. Calcutta goods firmer. Quotations c and f U.K. for Dec. shipment: 10-oz 40-inch £10.66, 7½-oz £8.02 per 100 yards. Jan. £10.66, £8.06, Feb.-March £10.80, £8.17. B twills £29.83, £30.31, £31.24 for the respective shipment periods. Yarn and cloth steady.

GRAINS

LONDON (FUTURES) (GAFTA)—In morning old crop wheat gradually eased 50p in thin conditions with little buying interest evident. Barley saw good trade between commercial buyers and trade sellers at 20p to 30p down. Old crop wheat eased initially in afternoon but then improved on speculative buying. Old crop barley lost ground at first but shipper buying moved values higher towards close. New crops attracted little trade, finishing unchanged to 45p down. Acli reports.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent., Dec. £89.50, Tilbury; U.S. Dark Northern Spring No. 2, 14 per cent., Dec. £79, Jan. £81 transhipment East Coast. Rest all unquoted.

HGCA—Ex farm spot prices Dec. 15. Feed wheat: S. Lincoln £71.10, Wiltshire £70.10. Feed barley: S. Lincoln £66.60, Wiltshire £67.30.

U.K. monetary coefficient for week from Dec. 19 will be 1.316.

EEC IMPORT LEVIES—Effective to-day in order current levy plus Jan., Feb. and March premiums (with previous in brackets), in units of account per tonne. Common wheat—[illegible]

[illegible]

SILVER

Silver was fixed 1.75p an ounce lower for spot delivery in the London bullion market yesterday, at 253.25p. U.S. cent equivalents of the fixing levels were: spot 467.7c, down 4.1c; three-month 473.3c, down 4c; six-month 484.4c, down 4.4c; and 12-month 508.6c, down 3.6c. The metal opened at 252.5-253.5p (467-468½c) and closed at 252.7-253.7p (467½-469c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	253.25p	–1.7	250.4p	–8.5
3 months	257.55p	–1.6	254.55p	–3.1
6 months	263.25p	–1.7	.....	.....
12 months	275.25p	–1.1	.....	.....

LME—Turnover 144 (126) lots of 10,000 ounces. Morning: Three months 257, 6.8, 7, Kerb: Three months 256.7, 6.8, 7. Afternoon: three months 254.5, 5, 4.8, 4.6. Kerb: Three months 254.6, 4.8.

COCOA

Activity low and market remained in narrow range, closing slightly easier on balance, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No. 6 Con'tr't			
December	2081.0-85.0	–54.5	2110.0-2080
March	1831.0-81.5	–8.0	1849.0-1885
May	1789.0-90.0	–13.0	1808.0-1789
July	1755.0-56.0	–12.5	1775.0-1755
Sept.	1722.0-25.0	–7.0	1735.0-20.0
Dec.	1678.0-80.0	–10.0	1690.0-75.0
March	1650.0-56.0	–14.5	1650.0-55.0

Sales: 2,588 (3,118) lots of 10 tonnes.

International Cocoa Agreement (U.S. cents per pound). Daily price for Dec. 14: 148.45 (148.95). Indicator prices Dec. 15: 15-day average 148.78 (149.01), 22-day average 147.53 (146.77).

RUBBER

EASIER opening on the London physical market. Fair covering at lower level throughout the day, closing quiet. Lewis and Peat reported the Malaysian godown price was 193 (195) cents a kilo (buyer January).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business done
Jan	47.90-48.50	48.25-48.50	48.60-48.25
Feb	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]

Sales: 248 (483) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 48.5p (49.75); Dec. 49.5p (49.0); Jan. 49.75p (49.0).

SOYABEAN MEAL

Market unchanged to 30 pence lower in thin volume. Lack of interest kept values around opening levels until mid-afternoon when steady Chicago opening caused prices to fluctuate. At close profit trimmed some of gains. Market closed £1.50 up, SNW Commodities reports.

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
December	115.00-16.0	+0.55	116.00
February	113.00-13.8	+1.30	113.80-12.90
April	112.00-13.0	+0.90	113.00-12.00
June	112.70-13.0	+0.60	113.00-12.00
August	112.00-13.0	+0.30	113.00-12.50
October	113.00-15.0	–0.50	113.50-15.00
December	113.00-15.0	–0.50	—

Sales: 171 (127) lots of 100 tonnes.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices representative markets Dec. 15: GB—Cattle 60.35p per kg. l.w. (+3.65). U.K.—Sheep 127.3p per kg. est. d.c.w. (+3.6). GB—Pigs 60.7p per kg. l.w. (–0.3). England and Wales—Cattle numbers up 16.4 per cent., average 61.44p (+4.0); Sheep up 8.5 per cent., average 128.3p (+2.5); Pigs up 39.9 per cent., average 60.7p (–0.3). Scotland—Cattle down 11.7 per cent., average 59.38p (+1.63); Sheep up 24.8 per cent., average 115.3p (+0.8).

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 56.0 to 60.0; Eire hindquarters 66.0 to 70.0.

Veal: Dutch hinds and ends 86.6 to 88.0.

Lamb: English small 49.0 to 54.0, medium 44.0 to 48.0, heavy 38.0 to 45.0, Scotch medium 44.0 to 48.0, heavy 38.0 to 43.0. Imported frozen: N.Z. PL 46.5 to 48.5, PH 43.5 to 45.5, YLs 43.5 to 46.5.

Pork: English, under 100 lbs 38.0 to 52.0, 100-120 lbs 38.0 to 48.0, 120-160 lbs 33.0 to 45.0.

Hares: English large (each) 180.0 to 200.0.

Partridges: Young (each) 175.0 to 200.0. Pheasants: Best (per brace) 300.0 to 360.0.

COVENT GARDEN (prices in sterling per package unless stated)—Imported produce: Oranges—Spania: Navelinas 3.80-4.50; Navels 3.50-4.40; Moroccan: 4.20-4.50; Jaffa: [illegible]. Satsumas—Spania: [illegible]. Clementines—Cyprus: [illegible]; Moroccan: [illegible]. Lemons—Italian: 100/120 4.40-[illegible]; Cyprus: [illegible]; Moroccan: 3.50-[illegible]. Grapefruit—Cyprus: 15 kilos 2.40-[illegible]; Jaffa: [illegible] 2.30-2.60; Turkish: [illegible]. Apples—French: 40 lbs Granny Smith [illegible], Golden Delicious [illegible], Starking [illegible]; U.S.: Per pound [illegible] Granny Smith [illegible]; Russets 0.15 [illegible]; Delicious 0.11-[illegible]; McIntosh 0.13. Hungarian: [illegible]; U.S.: Red Delicious [illegible]; Canadian: Per [illegible]

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Dec. 15 1977	+ or —	Month ago
Metals			
Aluminium	£680	.....	£680
Free Market (cif)	$950-70	.....	$930-60
Copper cash W. Bars	£679.25	–8.25	£652.25
3 months do. do.	£694.25	–8.5	£663.75
Cash Cathode	£668.0	–8.75	£642.5
3 months do. do.	£682.75	–8.75	£653.5
Gold Troy oz.	$158.875	–1.25	$158.375
Lead Cash	£373.5	–4.625	£346.5
3 months	£376.25	–4.375	£351.75
Nickel			
Free Market (cif) (lb)	$1.75-2.0	.....	$1.75-2.0
Platinum troy oz.	£88.5	.....	£88.5
Free Market	£95	–0.05	£92.05
Quicksilver (76lb)	$125.30	.....	$125.50
Silver Troy oz	253.25p	–1.7	264.9p
3 months	257.55p	–1.6	268.4p
Tin Cash	£6,913	–155.0	£6,855
3 months	£6,717	–105.0	£6,757.5
Wolfram 22.04lb. cif	$168.76	.....	$172-7
Zinc cash	£293.5	–2.0	£293
3 months	£300.5	–1.875	£296.75
Producers	$600	.....	$600-700
Oils			
Coconut (Phil.)	$560	.....	$552.5
Groundnut	£587	.....	$547
Linseed Crude (r)	$263	–5.0	$285
Palm Malayan	$497m	–5.0	$443
Seeds			
Copra Phillip.	$590u	–10.0	$362.5
Soyabean (U.S.)	$244.5	–1.0	$254.25
Grains			
Barley EEC			
Home Futures	£70.7	–0.2	£71.1
Maize			
French No. 3 Am	£94	.....	£90
Wheat			
No. 1 Red Spring	£89.0	+0.76	£90.75
No. 2 Hard Winter			
English Milling	£91.25*	.....	£92.5
Cocoa Shipment	—	.....	£2,937
Future March	£1,858.5	–7.0	£2,067.5
Coffee Future			
March	£1,721.5	–16.0	£1,825
Cotton 'A' Index	59.45	+0.35	57.7
Jute LJABC	$437	.....	$437
Rubber kilo	48.5p	–0.25	50.75p
Sisal EA3L	$560-70	.....	$550-7
Sugar (Raw)	£107	–2.0	£100
Wooltops 64s kilo	275p	.....	277p

Nominal. † Unquoted. z Seller's quotation. c Cents a pound. d Ex-tank London Hull. m Feb. u Jan. t Jan.-Feb. n Dec.-Jan. r Dec.-Feb. v Feb.-Mar. x Per ton.

FINANCIAL TIMES

Dec. 15	Dec. 14	Month ago	Year ago
240.16	241.05	240.44	243.84

(Base: July 1, 1952=100)

REUTER'S

Dec. 15	Dec. 14	Month ago	Year ago
1431.4	1437.4	1429.5	1540.8

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 15	Dec. 14	Month ago	Year ago
Spot	352.92	352.92	369.12	369.68
Futures	323.40	324.67	332.73	361.34

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 15	Dec. 14	Month ago	Year ago
Spie Commdty	872.0	869.9	842.6	848.1

(December 31, 1931=100)

Wool exports halved

CANBERRA, Dec. 15.

AUSTRALIAN exports of wool fell to 105m. kilos in the three months ended September 30 from 210.5m. in the same period last year.

Statistics Bureau figures show exports to Japan in the first three months of the 1977-78 season fell to 37.7m. kilos from 72.3m.

Other major buyers were France 6.3m. (15.5m.), West Germany 6.3m. (17.5m.), and Italy 5.9m. (15.9m.).

Yugoslavia took 4.0m. kilos (845,000), India 4.0m. (4.8m.), and the U.K. 3.9m. compared with 13.2m. kilos in the first nine months of last year.

Reuter

'Instant' tea

COLOMBO, Dec. 15.

AN INSTANT tea factory with an output of 265,000 kilos a year will open in Sri Lanka next March, official sources said.

The factory, at Nuwara-Eliya, will be export orientated using some 40,000 kilos of Green Leaf a day.

COTTON

COTTON, Liverpool—Spot and shipment sales amounted to 1,366 tonnes, bringing the total for the week so far to 3,208 tonnes. Sustained demand brought a much larger off-take, with increasing interest in African and S. American varieties. U.S., Russian and Turkish staples were all in persistent request. F. W. Tattersalls reports.

★

HIDES—Leeds. Generally firmer. Ox 31-35½ kilos 45.7p per kilo: 26-30½ kilos 46.8p: 22-25½ kilos 50p. Light cows with drawn 47.6p per kilo. No calf offered.

U.S. Markets

NEW YORK, D[illegible]

Cocoa—Dec. 176.50 (177.65), Mar[illegible] (152.65), May 142.75, July [illegible] 134.55, Dec. 130.20, March [illegible] nil. Sales: 530.

Coffee—"C" Contract: Dec. 215.00 (233.00), March 173.[illegible] (182.50), May 158.63 asked, July [illegible] asked, Sept. 138.75 asked, Dec. [illegible] asked, March 123.00 asked, May [illegible] asked.

Copper—Dec. 58.50 (58.30), J[illegible] (58.60), Feb. 59.00, March 59.[illegible] 60.50, July 61.40, Sept. 62.30, D[illegible] Jan. 64.00, March 64.90, Ma[illegible] July 66.70, Sept. 67.60. Sales [illegible]

Cotton—No. 2: March 51.97-51.[illegible] May 52.80-52.90 (52.07), July [illegible] Oct. 54.55, Dec. 55.42-55.35, Mar[illegible] 56.40, May 56.00-56.75.

*Gold—Dec. 160.00 (168.10), Ja[illegible] (160.80), Feb. 161.50, April 16[illegible] 165.30, Aug. 168.00, Oct. 170.[illegible] 172.50, Feb. 174.80, April 17[illegible] 179.60, Aug. 182.60, Oct. 184.40 [illegible] 4.465.

†Lard—Chicago loose 19.25 (sam[illegible] York prime steam 20.75 traded [illegible]

‡Maize—Dec. 214½-215 (215½) [illegible] May 224½-225, [illegible] Sept. [illegible] Dec. [illegible]

§Platinum—Jan. 175.80-175.20 [illegible] April 177.00-177.80 (178.90), Ju[illegible] Oct 183.10-183.30, Jan. 185.80-18[illegible] 189.30-189.70.

§Silver—Dec. [illegible] (464.50), J[illegible] (465.40), Feb. [illegible], March 4[illegible] 479.20, July [illegible], Sep. 49[illegible] 501.10, Jan. [illegible], March 51[illegible] 517.00, July [illegible], Sept. 529.[illegible] 34,000. Handy and Harman [illegible] (469.50).

Soyabeans—Jan. [illegible] (58[illegible] 606-607 (604), May 612-612½, [illegible] 616, Aug. 613-613½, Sept. 598, [illegible] 595, Jan. 600.

||Soyabean Meal—Dec. [illegible] (157.20), Jan. 158.80-159.00 (154.[illegible] 161.30-161.50, May 164.00-164.[illegible] 167.00-167.30, Aug. 169.00, S[illegible] Oct. 164.00, Dec. 166.00-166.[illegible]

Soyabean Oil—Dec. 22.45-22.[illegible] Jan. 22.25-22.15 (22.85), March [illegible] May 21.80-21.70, July 21.45, A[illegible] 21.30, Sept. 21.10, Oct. 20.[illegible] 20.50, Jan. 20.45.

Sugar—No. 11: Jan. 8.50-8.[illegible] 9.40, May 9.84, July 10.07-10.[illegible] 10.26, Oct. 10.37-10.38, Jan. [illegible] March 10.93-10.94, May 11.04-11.[illegible]

Tin—378.00-385.00 asked (3[illegible] asked).

**Wheat—Dec. 256½ asked (25[illegible] 268 (265½), May 270½-270½, Jul[illegible] Sept. 270 asked, Dec. 258½ [illegible]

WINNIPEG, ††Rye—Dec. 113.40 bid ([illegible] May 115.00 bid (115.00), July [illegible]

††Oats—Dec. 73.60 bid ([illegible] May 72.30 asked (72.40 bid), [illegible] asked.

‡Barley—Dec. 75.50 (76.50), [illegible] bid (76.30 bid), July 75.00 [illegible]

§§Flaxseed—Dec. 211.00 [illegible] bid), May 216.90 (218.20), J[illegible] bid.

Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 35[illegible]

All cents per pound ex[illegible] unless otherwise stated. * $ per troy ounce—100 ounce lots. † Chicago loose $ per 100 lbs—Dept. of Ag. previous day. Prime Steam f.o.b. NY tank cars. ‡ Cents per 56 lb. bushel ex-warehouse. 5,000 bushel lots. § $ per troy ounce for 50 ounce units of 99.9 per cent. purity delivered NY. || $ per troy ounce ex-warehouse. ¶ $ contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis [illegible] ** Cents per 60 lb. bushel [illegible] †† Cents per 34 lb. bushel. ‡‡ Cents per 48 lb. bushel ex-warehouse. §§ Cents per 56 lb. bushel, ex-warehouse. [illegible] lots.

Quicksilver sale

WASHINGTON, D[illegible]

THE GENERAL Services Administration (GSA) an[illegible] the sale of 500 flasks of silver valued at $63,77[illegible] monthly bid opening.

The GSA is offering a[illegible] 500 flasks on a sealed-bid [illegible] to be opened January 10[illegible]

Reuter

FINANCIAL TIMES SURVEY

Friday December 16 1977

...Well
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Richard Johns
...ldle East Editor

...RATIONS have become a ...tangible reality with the ...letion and operation of the ...Shipbuilding and Repair ...(ASRY) in Bahrain. Form... ...naugurated yesterday, the ...cility is not only the most ...sive demonstration of the ...oil producers' determina... ...co-operate in increasing ...involvement in the busi... ...downstream" but also one ...largest and most sophi... ...d industrial ventures ...aken in the Gulf. For the ...shareholding member ...of the Organisation of ...Petroleum Exporting ...es (OAPEC) involved, ...itical, technological and ...spects of the project are ...rtant as the commercial. ...none of them expects ...f anything, by way of ...n the subscribed capital ...m. it can be said with ...y that ASRY drydock ...be a white elephant, in ...se of an unwanted, un... ...ility. That much seemed ...assured as early as ...23 when the first of the ...arge crude carriers ...the Italian-owned ...dwt Ambrosiana, ...here. The single berth ...capacity to accommo... ...kers of up to 500,000 ...fully booked until the ...January next. ...me justification, ASRY ...this successful start ...of confidence in the ...chnical expertise and ...compete for orders in ...already notable for ...ncreasing competition. ...dly, too, it is a vindi... ...its sponsors' belief in ...for such a facility in ...which is the confluence ...r cent. of the world's

ARAB SHIPBUILDING AND REPAIR YARD

The new drydock and ship-repairing facility at Bahrain is arguably one of the most viable projects in the Gulf region. It is right in the middle of the main tanker traffic and strategically sited between East and West.

tanker traffic, and the port of call of all VLCCs.

Despite growing global overcapacity in shiprepairing, owners must welcome an efficient yard there which will give them greater operational flexibility. Apart from being at the congested heart of the main oil circulation system, ASRY is the only drydock between those of Lisbon in the West and Singapore in the East along the main trade arteries.

Expansion of the Suez Canal in the early 1980s will bring much closer rivalry with the ship repair yards of the Mediterranean. Nevertheless, there would seem to be viable prospects for the construction of a second dock alongside ASRY's first in two or three years' time. That must depend to a large extent on the somewhat problematical future of the much larger complex under construction at Dubai, now scheduled for completion in mid-1979, and (more doubtfully) Iran's plans for another at Bandar Abbas.

Certainly, the duplication is disappointing, even deplorable, from the point of view of the unity which is the raison d'etre of OAPEC. Established in 1968 by Saudi Arabia, Kuwait and Libya, the prime aim of the organisation from the beginning as stated in the second article of its constitution, has been the promotion of co-operation "in the various phases of the oil industries' activities."

In practice, the main preoccupation of the founder members initially was to insulate oil issues from pan-Arab politics following differences about the selective supply embargo against certain Western countries imposed as a result of the June war of 1967 and the collective decision of the Khartoum summit to allow a full flow to be resumed in return for a commitment of grant aid from the three producers to the States defeated by Israel. With the emergence of a revolutionary regime in Libya in 1969 and the subsequent widening of membership OAPEC has concentrated on consultation, co-ordination and the planning of joint projects in oil-related spheres.

Origin

Applications for membership from Algeria, Abu Dhabi, Dubai, Bahrain and Qatar were approved in 1970; Iraq, Egypt and Syria were admitted in 1972. When Abu Dhabi and Dubai joined, the United Arab Emirates had not yet been formed. Yet six months after the creation of the federation Dubai announced its withdrawal from OAPEC in protest against the choice of Bahrain rather than itself as the site for the drydock. That it could do so is a reflection of the still evolving UAE, a unique and strange political entity.

Technically, however, Dubai remains a member of OAPEC and the presence at yesterday's ceremony of its Ruler at least seems to give some weight to hope that the problems likely to result from rivalry between two Arab repair yards in the Gulf may be resolved by agreement—and the losses which his own exchequer seems likely to incur may be limited.

In conception and origin ASRY was the first of the four joint OAPEC ventures which have taken shape, although the Arab Maritime Petroleum Transportation Corporation (AMPTC) has been a going, if fairly heavy loss-making concern, for three years now and has eight supertankers with a total tonnage of just over 2m. dwt afloat. ASRY and the Kuwait-based AMPTC are, of course, very much related in the context of the Arab producers' objective of combining in oil-related diversification projects away from dependence on simple sales of crude and, if possible, maximising returns from a depleting asset.

As early as 1968 Sheikh Ahmed Zaki Yamani, Saudi Arabia's Minister of Petroleum, proposed the construction of an OAPEC-owned drydock in the Gulf. The choice in 1972 of Bahrain as the site for ASRY too, was the result of the Kingdom's influence and pressure. Its reasons for favouring Bahrain were a mixture of political and functional. Bahrain looked as though it could make available an adaptable Arab labour force and, in addition, was faced with an urgent need to create employment opportunities. For its part the Kingdom had—as it still has—a concern about the stability and prosperity of Bahrain.

The irony is that the island's economic boom in the wake of the oil price explosion has meant the import of expatriate manpower, now accounting for 60 per cent. of those employed, and it has been difficult to recruit locals or indeed suitable Arabs from member countries, while the Government now does not want an increase in the industrial labour force. However, ASRY will benefit from being located in the Gulf's pre-eminent service centre and in turn will provide valuable spin-off benefits to it in fields other than enterprise directly involved with shiprepairing.

The long time lag between conception and implementation was accounted for by the exhaustive search among the world's leading ship repairers and builders first for an equity partner to run the facility and then—when all those approached concluded that a capital investment could not be repaid—one prepared to enter into a management contract. Lisnave was secured on that basis in 1974 for a 10-year term.

Thus ASRY has behind it the expertise of the world's biggest ship repairer, its design specifications and training programme. Equally vital in the well-synchronised planning has been the painstaking preparatory work of the London-based sales arm, Arabian Ship Repair Marketing. This solid base is very much in contrast with the failure so far of the Dubai Drydock Company to obtain management, marketing or labour-training services.

Award

Actual construction began in 1974 with the award of the $142m. contract to Hyundai of South Korea. Even if final completion was a little later than scheduled, the first docking was made earlier than anticipated. ASRY could certainly be said to have got good value for money.

Cost escalation of the kind that is plaguing the Dubai project being undertaken by Costain and Taylor Woodrow has led to final outlay of $340m. for Bahrain. Some adjustment to the fixed price contract for ASRY's first phase will have been made to take into account changes in specifications and also certain inflation factors.

ASRY has begun by offering only a limited service within its own present capability, falling short of sophisticated mechanical repairs and full overhauls. However, the workshops being constructed and fitted out are designed not only to cater for two docks but to undertake major works. By the middle of next year it is expected that ASRY will be able to cater for a more comprehensive service as the engineering capacity comes on stream. As it is, the demand for more sophisticated jobs—like repair of tail shafts and inspection of valves — has only emphasised the demand for a major facility in the Gulf itself.

The economic sense of many industrial projects in the Gulf based on cheap energy are a matter of debate but there can be no arguing about the case for a drydock — and perhaps two or even three in the early 1980s if the market improves — in the location where two-thirds of the world's oil exports originate and the bulk of tanker traffic converges. Currently, there are about 800 visiting the Gulf regularly, making a round trip there four to five times a year.

Every two years a tanker needs a "simple docking." When tanker bottoms foul the drag means increased fuel consumption. Once started it can build up almost exponentially. With yards concentrated heavily in Western Europe and the Far East (with none on the U.S. coast), the advantages to operators of docking facilities in the Gulf itself are obvious.

With over-capacity in the business ASRY believes that the Gulf can capture 40-80 dockings annually. Aiming to do no more than cover operating costs, it hopes to cater for 50 a year with a maximum of 55 allowed by the single dock constructed under the first phase

ASRY has not started business at the best of times in a year that has seen the opening of a new dock at Blohm und Voss in Hamburg and the Hellenic repair yard at Skaramanga, Greece, as well as two more in Singapore. The effect has been to reduce the cost of a "simple docking" down from around $100,000 to $60,000. Despite the reduction in rates ASRY can remain reasonably confident at the moment because of its privileged and exclusive status in the Gulf.

For ASRY the prospects would look very much brighter if it could bank upon captive clientele from the Arab-owned tanker fleets. Those of AMPTC, and the others based in the Gulf, now include 62 vessels, with a gross 8.76bn. dwt of which 28 are VLCCs. Within OAPEC and the producing states themselves.

At present Mediterranean facilities are only a limited challenge as it is only really worthwhile the larger vessels which discharge at its terminals docking there for servicing and the declining proportion of tonnage able to pass through the Suez Canal at its existing draft and width. The situation will change when in the early part of the next decade—mid-1980 at the earliest—when the Suez Canal is expanded to accommodate tankers of up to 150,000 dwt laden and 350,000 dwt in ballast. More immediately, there is the question of Dubai —a far more grandiose project than ASRY involving the construction of no less than three dry docks.

Financing for the £162m. contract (nearly $300m. at the latest exchange rate) is reported to have run dry, and Sheikh Rashid, the Ruler, is reported to be encountering some difficulty in raising more for a project the viability of which is increasingly in doubt. He has a record of making a success of everything to which he puts his hand to. If the Dubai Drydock did profound the pessimists, then ASRY would be hurt badly and could hardly contemplate adding the second berth provisionally planned which could be completed in as short a period as 18 months. No decision on that is likely to be taken until 1979 or 1980.

On the face of it Dubai has little choice but to swallow its pride and join forces with OAPEC and ASRY if it is to limit its losses or—on the most optimistic assumptions—avoid a ruinous cut-price war. Discussion at the OAPEC ministerial conference this week on the construction of a second major facility in the Mediterranean and decision to undertake a feasibility on such a project must, meanwhile, be regarded as being within the realm of hypothesis.

Stimulus to regional tanker fleet

BETWEEN 1973 and 1975, when awareness of Arab maritime ambitions first became widespread, European and American tanker owners frightened each other with calculations about the likely impact on their businesses of an OAPEC policy designed to reserve for Arab flag vessels 40 or even 50 or 60 per cent. of their oil exports.

Studies were produced showing that even the lower of these three targets—as it happens the rightful exporting country's share of sea-freighting its products under the terms of the still unratified United Nations Conference on Trade and Development code—would require the Arab States to buy or charter an astonishing 400 very large crude carriers (VLCC). At that stage, 1980 was being talked of as a possible date for achievement of this massive overhaul of world oil trading patterns.

Of course, it has not happened, just as a number of the more influential and realistic figures in the Arab shipping world had predicted. But there is no hiding the fact that the Arab States are bitterly disappointed that their explosive plans for expansion have been quite so thoroughly scuppered by the world tanker slump. The ignominy of having to wriggle out of the expansionist master stroke of 1975—the ordering of six ultra large crude carriers for the Arab Maritime Petroleum Company—has not been forgotten.

Cautious

The Arabs were, it needs to be said at the outset, desperately unlucky. Their calamitous misreading of the market did at least have the excuse of shortage of experience, unlike the similar race for bigger and more numerous vessels among European shipowners.

But the result has inevitably been a more cautious attitude typified by the present five-year programme under consideration by AMPTC which will almost certainly limit the next phase of expansion to a $200m. outlay on a number of small oil product carriers and one or two VLCCs in the 200,000 to 250,000 dwt range—vessels small enough to make at least the unladen return voyage from the West through the Suez Canal.

In the last two years, in addition to scaling down their programmes (AMPTC was to have doubled its capitalisation from $500m. to $1bn.), the Arab tanker fleets have been faced with the unhappy choice between laying up parts of their fleet or keeping them on the spot charter market at loss-making rates.

OAPEC-backed consortia like AMPTC take the view that utilisation is vital at almost any cost, although one heavily fuel-guzzling AMPTC tanker is at the moment laid up in Norway. For the various Arab national fleets, whether government or privately owned, the degree of *freedom of choice about laying* up has varied considerably, but the number of vessels idle at any one time has never been large by world standards of tanker inactivity. At present almost all the 6.5m. dwt Arab fleet—a mere 2 per cent. of the world total, is employed. It is estimated that enforcement of only a 10 per cent. oil cargo reservation would secure permanent employment for the entire fleet.

The losses sustained in keeping this fleet moving have been considerable, with AMPTC reporting a $6.2m. operating loss last year, although it puts down at least half of this to the necessary special costs of training Arab officers to meet future needs. Shortage of qualified and willing Arab seafarers is perhaps the biggest single constraint on expanding the fleet, although it is by no means the only one.

Well under half of the officers on Arab ships are Arab nationals and of the Arab States only Egypt has a surplus of seafarers, with 1,900 certificated officers on its register. Kuwait, on the other hand, with one of the largest fleets in the Middle East, has only three officers.

Vigorous training programmes to produce the 15,000 officers deemed necessary to operate the growing number of Arab ships are now in progress at a variety of centres such as the Arab Maritime Transport Academy, and more such colleges are planned. AMPTC has more than 200 cadets under training, many of them in the U.K., but has to budget for a 50 per cent. drop-out rate because of the distaste many of the trainees display when their schooling switches from shore to sea. AMPTC hopes nevertheless to have half of its officer positions occupied by Arabs within five years.

The problems of finding well-educated young Arabs suitable for officer training revolve principally around attracting them from rival alternative careers, many of which offer long periods of study in Europe and the U.S. or management positions in land-based industries offering higher status, whereas in boosting the proportion of Arab ordinary seamen, the difficulty is much more one of numbers.

Although the Alexandria Academy and an equivalent facility at Basrah, Iraq, have substantial capacity to train ratings, even AMPTC accepts that for the foreseeable future it will have to concentrate on recruiting seamen from India and Pakistan. Mr. Abdul Rahman Sultan, AMPTC's managing director, has pointed out that Arabisation of crews will have to be tackled eventually in a much more sweeping fashion because of the undesirability of having crews of mixed nationality.

Among the other difficulties experienced by Arab tanker owners, the most significant must be the relationship with the major oil companies. Many Arab maritime leaders believe the majors, in alliance with the independent tanker owners, are out to strangle the Arab tanker fleet at birth by insisting that the Arabs charter their vessels on the open market through the traditional brokerage network. Even where majors have been forced into taking a specific number of ships from an oil producer by Government pressures, problems have ensued: Kuwait Oil Tanker Company recently took back a ship each from Gulf and BP because the oil companies had put them in service outside the Arabian Gulf trades.

Co-ordination of efforts between States is, the Arabs know only too well, the only way to deal with these kinds of problems and Mr. Abdul Rahman Sultan spoke for many when he told a meeting in Bahrain last month: "although AMPTC's ownership by the oil-producing countries should have freed it from the problems of getting cargo, in actual fact it has to face indifference from its own governments in this aspect. For this reason one of our ships has been laid up for more than one year."

It is not quite fair to load all of the blame for this state of affairs on to governments, because they are to some extent inhibited by the confused ownership pattern of fleets within their boundaries.

Saudi Arabia, for example, has the biggest Arab tanker fleet, almost 3m. d.w.t., but only three of the ships are government-owned and it is estimated that the cost of nationalisation would be around $2bn. Likewise in Kuwait, the city State has within its province the multinational AMPTC tanker and the United Arab Shipping Company dry cargo and liner fleets, in addition to the 10 tankers of the Kuwait Oil Tanker Company (49 per cent. Government owned) and the planned oil product carrier fleet of the State-owned Kuwait National Petroleum Company.

Looking at the knot from a different angle, Kuwait Oil Tanker is awaiting delivery of four liquid Petroleum Gas Carriers from France, which is also building two very similar carriers for AMPTC. Thus negotiations towards achieving a 50 per cent. Kuwait-flagged shipping share of Kuwait's developing LPG output is made more complicated than it need be.

In this sort of situation, it is not surprising that unanimity of purpose is elusive and that national attempts to set the pace frequently come adrift. Last year, for instance, Kuwait came up with an excellent means of pressuring oil companies to use its vessels by offering heavily discounted bunkerings for its own and AMPTC vessels. But the scheme was discontinued this spring because other Arab States would not accord similar facilities to AMPTC tankers. There was an additional problem too that some of the ships' officers were found to be selling off their cheap bunkers at the going market rate once they had put out to sea.

In spite of these numerous conflicts of attitude, however, a central idea of the Arab maritime destiny persists, largely through the shipping consortia, but recently strengthened by the granting of independence to a former department of AMPTC, the Arab Centre for Co-ordination on Maritime Consultation.

This Kuwait-based office has set a number of important goals and is currently negotiating with British interests for the creation of an Arab protection and indemnity club, which the Arabs believe could save their fleets up to $750,000 a year. Talks are also well-advanced with Lloyds about the establishment of an Arab classification society, which would offer benefits of prestige rather than monetary savings.

It is this office which has taken on the day-to-day burden of formulating the Pan-Arab maritime vision and of l… the groundwork for what at… some Arab shipowners h… will lead to a completely n… Arab tanker fleet. A … report drawing together th… other themes, notably… question of compensatio… losses incurred by Arab t… owners, is being prepared… meeting of OAPEC mi… next April.

A number of other… routine information gat… functions are also unde… and special attention is… given to the difficult prob… harmonising Arab maritime… —a form of law which do… even exist in those States… out a seafaring tradition…

How quickly any of… objectives will be achiev… matter of pure speculati… there is no mistaking the… spread commitment amon… owners to attaining them… if views on the best w… vary. In a sense, the… owners have before them… print for how unification… be achieved in the shape… United Arab Shipping Co… which, operating in … troubled field than oil ta… has been able to steadily… its fleet strength accord… programme to a present l… 58 vessels with a total… weight capacity of 1.1m… UASC is owned by the s… States, which by the arti… membership are obliged… any national line shippi… pany to 120,000 tons capa…

Unified or not, thou… Arab tanker fleet is bo… grow. Whether it wil… reach the level thought… most adventurous prob… will depend chiefly o… development of an effec… co-ordinated cargo rese… policy in place of th… mented laws applying … Saudi Arabia, Algeria a… where. It is also certa… the range and sophistica… the fleet will increase a… producing states atten… achieve a greater degree… trol over movements of… hydrocarbon products th… were able to, because of t… cal circumstances, over… exports of crude oil.

Ian Hargr…

Shipping Corresp…

Further phase possible

ALTHOUGH IN many respects Bahrain, with its natural deep water channel and long history as a Gulf trading centre, was a natural choice as a location for the ASRY project, the construction programme has not been without its problems and moments of panic.

The first task of simply reclaiming 500,000 sq. metres of land without disturbing the tidal patterns on the adjacent coastline or affecting the approaches to Bahrain's growing port of Mina Sulman was itself considerable, although investigations and operations at this stage of the project were surprisingly trouble-free.

Exploratory boreholes were first drilled in the early months of 1974 just six years after an Arab shipbuilding and repair yard had first emerged as the potential first industrial project for the Organisation of Arab Petroleum Exporting Countries.

About 6m. cu. metres of shelly sand and crumbly caprock was dredged up from around the area of an existing reef and simply heaped on the reef to lift the land surface for the yard and a 7.5 kilometre causeway connecting it to Muharraq Island by 4.5 metres. The more expensive but widely used reclamation practice of carefully mixing sand with solid rock was rejected on the grounds of expense and time. Three years later, there is said to be no evident deterioration of the sand slopes.

The reclamation operation, carried out by the European Falco Dredging consortium, also involved excavating the site of the 75 metres by 375 metres dry dock and the formation of a cofferdam behind which after dewatering the dock could be constructed in dry conditions.

Again as a time-saving mechanism, it was decided to appoint separate contractors for de-watering operations and for the main construction work. Sondagens E. Fundacoes A. Cavaco LDA took on the de-watering task and five months later had succeeded in holding the water level within the excavation at 12.5 metres below mean sea level, using a total of 100 pump wells.

There is no doubt, though, that for Bahrainis, the spectacular earth shifting operations of the first stage were more than matched by what was to follow in the execution of the main building contract by Hyundai Construction of South Korea, then little known in the Gulf area.

The fact that to-day this company is engaged on numerous Arabian Gulf projects from extending Kuwait's Sheraton Hotel to developing the Saudi port of Jubail, is witness to the enhancement of its reputation in the area as a result of its work on ASRY.

At the time it was signed, Hyundai's $US147m. contract was the biggest in Bahrain history and the manner of its execution has proved a source of amazement to the Arabs, even though the Koreans' total self-sufficiency has not endeared them to local traders. For Hyundai the contract has not been a big money-spinner, although assessment of its eventual margins must await haggling over a $25m. cost inflation claim.

The Hyundai approach was military in character—not surprising in view of the fact that foreign construction work abroad is an alternative form of conscription for South Koreans. A recent issue of a Bahrain promotional brochure features a remarkable photograph of the 2,000-strong helmeted workforce precisely ranked on the base of the vast dock they have constructed receiving instructions from a manager raised on a platform.

It has required round-the-clock working from this task force to meet many extremely tight deadlines and although construction was not completed by July as planned, no-one is complaining about performance. The first VLCC was docked, on time, six weeks ago.

The dock walls are of reinforced cantilever design with both walls and the dock base protected from upward hydrostatic pressure from rising tides by a system of underfloor pipes laid open-jointed within filter layers of crushed rock and connecting to electrically operated pumps in the main dock pump-house. A cut-off wall of steel sheet piling around the entrance to the dock and its wall footings prevents too much water flowing to the underground drains.

The base of the dock is made from ordinary concrete, although even here all materials had to be imported from Hyundai's specially built cement *plant because local limestones* contain serious impurities which have been found to cause rapid deterioration of concrete under certain conditions. The floor slab is laid on sand compacted in layers following excavation of two metres of sea shells. The unexpected discovery of this thick layer of shells delayed work by eight weeks at one stage.

Another setback occurred when the first three of ASRY's dockside cranes being shipped on a pontoon from Europe to the Gulf in January were caught in a Mediterranean storm. This set the fixing of handling equipment back two months, but these Portuguese-built cranes now form part of a battery of equipment including four 15-ton-capacity rail cranes, one 100-ton-capacity rail crane, four mobile cranes, two hydraulic lifting platforms and a floating crane with a lifting capacity *of 200 tons.*

The impression of an establishment equipped to the teeth is further strengthened by a stroll around ASRY's 30,000 square metres of heavy workshops, which carry the atmosphere of a machine tool exhibition hall.

There are 14 lathes, some of them extremely sophisticated, and six milling machines in the machine shop, which is supported by equally well-equipped pipe and plate shops. The yard is so designed (Sir Alexander Gibb, Profabril of Lisbon, joint converting engineers and the managers Lisnave take the credit) that none of these metal-working areas is further than 250 metres from the engine-room of any ship in the dry dock or alongside the yard. This is one of several advantages of building a shipyard on an island.

At the moment, the quantity and quality of this profusion of machinery jars against the reality of ASRY's capabilities: scraping and painting the hulls of tankers and doing minor engine-room or on-board jobs either in the dry dock or alongside its two 170m. finger jetties. (There are further berth points alongside the quay and beyond the jetties, with additional anchorage for waiting vessels in a sheltered area at the nearby port of Sitra.)

The question of ASRY's ability to do more sophisticated jobs and become a complete shiprepairer is very much the acid test which shipowners will be applying as the yard's skilled, although much of it trained from scratch, workforce becomes available during 1978.

By the end of next year, Mr. Antonio Jose-Machado Lopes, ASRY's general manager recruited from Portugal's Setenave yard, reckons that in association with its various 50:40 joint ventures with marine equipment specialists around the world, the Arab yard will be able to take on the best ship-repairers in the world.

But even at this point, the yard will be turning down the kind of work most shiprepairers in a depressed market pray for — high-cost, time consuming and sophisticated vessel conversions, often involving jumboising craft and the handling of thousands of tons of steel. The reason is that Mr Lopes does not want to see his single dock tied for a period of months to one job, when he is certain there will be steady demand for quicker drydockings of the kind ASRY has already begun to take as well as for routine classification surveys.

The real justification for the abundance of equipment is, of course, the plan to build a second dry dock, which would be serviced not only by the same metal working shops, but by the same pump house, the same cranes and, of course, the same administrative back-up as the first.

It is estimated that this second phase could be built for no more than $60m. at to-day's prices, compared with the $340m. first stages and could be operated by adding only 200 to 250 people to the 1,350 men and women who will be working for ASRY with or without permission to build a second dock by the end of next year. Ultimately too, as ASRY's name implies, there is a shipbuilding intention, although this will be confined to the construction of small, coastal craft. The commercial logic in going for the second phase is unquestionable and Mr. Lopes is confident that he will get a decision from OAPEC to go ahead next year.

Much will depend from the OAPEC point of view on whether the Ruler of Dubai, Sheikh Rashid, can be cajoled into bringing his gigantic three *dock project due for completion* in early 1979 into some sort of working relationship with ASRY. Taking the two facilities together, ASRY's marketing men believe that they offer almost double the required capacity in the Gulf, so an ASRY-Dubai link-up, presumably involving the return to the OAPEC fold of Sheikh Rashid's recalcitrant Emirate, could alter the commercial arguments being used within ASRY overnight.

Pending the decision on expansion, ASRY aims to utilise its engineering capacity in land work and in particular has its eye on the contract to do steel fabrication work for the proposed causeway between Bahrain Island and Saudi Arabia. Certainly it would be a pity if the energy and resources which have brought *the first stage of this* remarkable project to fruition should lapse into a permanent state of underemployment.

Ian Hargreaves

Good supply of local labour

AJOR factor that influ- the decision to site the Shipbuilding and Repair in the island of Bahrain ie island's rapidly grow- relatively well-educated laptable labour. Bahrain he highest indigenous tion of the Gulf Emir- There are at present a quarter of a million tis and the figure is d to rise to around in the year 2001.

In 1968 when the ASRY was first mooted by Arabian Oil Minister Ahmed Zaki Yamani seemed little prospect ployment for future is. It was one reason state, whose presently oil reserves could run in a generation, decided blish the aluminium ALBA, on the island.

elsewhere in the Gulf nomic boom following in oil prices completely he picture. The econo- m came to Bahrain iter than to the other tes and on a more scale in line with its oil revenues—about his year. However, it ss productive in terms mployment and wealth. as helped along by the of the newly estab- shore banking market fered the prospect of and clean desk jobs.

agement

is presently employ- nder 1,000 people and y staffed at the end of r will be employing 50. (ALBA employs 2,000 Bahrainis.) at present make 36 per cent. of the . From general fore- rds the management Portuguese or English te actual shipyard have been recruited Philippines and the bcontinent. And yet to "Arabise" 80 per he jobs in the next

training school near ck site was loaned to Bahrain's Ministry of and training started 75. The school, then staffed by 20 Bahraini and eight non Bahraini teachers provided training for more than 130 welders, mechanical fitters, painters electrical workers and so on. Training now takes place at the yard in the newly named ASRY Training Institute and while it is primarily geared to the provision of skilled labour for the yard itself, it will also have a broader role to play as a technical training institute for the Arab world generally.

"It is economics that drives people to work in shipyards," observes Sr. Antonio Machado Lopes, ASRY's general manager. Bahrainis and other Arabs with the level of English required to work at ASRY were able in the past year to find cleaner and less physically demanding jobs. The economic boom of 1976 also encouraged more movement among local labour, particularly after training. Many of the skilled workers decided to set up shop as repairmen of various sorts. In ASRY's second report (1976) there was the comment that the shortage of manpower in Bahrain had led a number of trainees to leave the training programme in order to take jobs elsewhere. It is a problem that the yard has in common with the island's two other heavy industries, the Bahrain Petroleum Company's refinery and ALBA, the aluminium smelter.

As there is little industrial tradition in the Arab world there is little knowledge of the challenges and opportunities offered by industry. In Bahrain now the ASRY Institute is making an all-out effort, with help from the Ministry of Education, to contact young Bahrainis in secondary schools and inform them of the opportunities for skilled workers. The new school in the yard can accommodate around 300 trainees but only just over 50 are at present undergoing various training courses.

The effects of the economic slowdown in the Gulf have not yet really shown through in the employment situation but if it continues some of the more shakily self-employed may make their way into the yard. ASRY has not yet extended its recruiting campaign into Bahrain's villages which do not all share the urban prosperity of its main town. But the level of English there is likely to be low. The training school, however, is equipped with a language laboratory which should be operational soon. Not the least of the training problems is that the school, which is modelled on the Lisnave training centre, employs a number of Portuguese technical instructors who are not at all fluent in English.

Difficult

The recruitment of Arabs with the right qualifications and background for the foreman and upwards jobs is likely to prove difficult in the short term. It has already proved difficult to find suitable candidates for middle management jobs and plans are being made for promising employees to go abroad for training. A recent recruitment drive by advertising produced over 2,300 replies, 13 per cent. from ASRY's shareholders' countries. About a tenth of these proved suitable for interview and 29 per cent. of that tenth were from ASRY member countries. Apart from educational qualifications there is another vital consideration to be taken into account that concerns Arab nationalities. Some Arab nationals are more acceptable to Bahrain, where they will have to live and mix with the local population, than others. The sensibilities of Saudi Arabia also will have to be taken into account, even more when the proposed Bahrain-Saudi causeway becomes a physical reality.

The ASRY training institute also plans to avoid losing its sponsored students immediately upon completion of their courses. Any student who will be directly sponsored by the company for training abroad will have to have two Bahraini sponsors who will agree to reimburse ASRY for the cost of his training if he does not stay with the company for a period equal to the training time. Thirty graduates are expected to start training with the company next year, there are seven at present. They will go to a variety of shipyards, mostly in Europe, while for the technical studies the management students are likely to go to the United States. Academic studies are likely to concentrate in the Universities of Strathclyde and Newcastle which are strong on marine engineering and naval architecture. Not all the graduates will necessarily go abroad.

Within the next ten years ASRY's board of directors have planned that 90 per cent. of the first and 85 per cent. of the second categories of middle ranking management should be filled by Arab nationals as well as at least 80 per cent. of the top grades. Senior ASRY managers believe that the company's shareholders will be realistic, at least in private, about the speed with which the Arabisation of the company takes place. The need to show that the yard can compete on equal terms of skill and service with other dry dock companies worldwide is equally compelling. ASRY has got off to a good start and its owners are not likely to jeopardise this.

In plain numbers the yard is already heavily staffed with Arab nationals who form the second largest grouping after the eastern nationalities. During 1978 there will be around 450 Arab nationals employed by ASRY, compared to 600 eastern expatriates and only 150 Westerners. The total number of employees is not likely to increase much if ASRY does decide to build a second dock, probably only another 200 will be taken on.

However, the training and recruitment policies of ASRY cannot be seen in isolation from Arab technical training generally. Recent years have seen a strong Arab move into shipping through the formation of the United Arab Shipping Company based on Kuwait, and also the setting up of the OAPEC-owned Arab Maritime Petroleum Tanker Corporation, also with headquarters in Kuwait which has its own tanker fleet. Algeria has its own line, CNAN and Egypt has the largest Middle Eastern fleet of all with nearly 50 ships.

This move into shipping has been supported by the setting up of the Arab Maritime Transport Academy by the Arab League in 1972 at Alexandria. There were already maritime institutes in Iraq and Algeria as well as in Lebanon. OAPEC also has a project for establishing three new academies at Jeddah, Doha (capital of the state of Qatar) and Basrah in Iraq. There will inevitably be some cross-fertilisation because of the mobility of labour. In the course of a talk at an international marine conference held in Bahrain recently one of the department heads of AMTA pointed out that the actual period at sea of AMTA graduates would probably be limited because of the great opportunity for shore jobs both in and outside the maritime field.

He also raised the question of the social standing of marine jobs, particularly in times of easy affluence which most of the Arab Gulf states are experiencing — even with the present economic slowdown. It comes back to the point raised by Sr. Machado Lopes, that recruitment into ASRY will depend as much as anything on the economic climate, particularly for the workforce. An unspoken task facing ASRY management and personnel training staff is the need to make work at the yard, both on the dock and in the offices, seen to be respectable and desirable in Arab eyes.

Doina Thomas

How the site was chosen

BAHRAIN WAS chosen as the site of OAPEC's first major industrial venture, the $340m. dry dock company, the Arab Shipbuilding and Repair Yard facility, through a combination of fortunate geographic and demographic factors—and through the influence of Saudi Arabia.

It is generally conceded that ASRY is the brainchild of the Saudi Oil Minister Shaikh Ahmed Zaki Yamani, who first put up the idea in 1968. In the very early days, when the scheme had hardly been put on paper, the natural site for the dry dock was assumed to be Damman on the eastern coast of Saudi Arabia. An early viability study was carried out using Damman as the base but concluded that the site should be moved to neighbouring Bahrain. The arguments summed up in favour of Bahrain included better hydrography, immigration facilities, the natural labour pool and the port congestion at Damman.

It was after the decision to site the dry dock off the coast of Bahrain became public that Dubai, a newish member of OAPEC, decided to withdraw from the organisation. Reports at the time suggested this was because Dubai itself, with its busy entrepot creek, wanted to have the dry dock. Since then Dubai has gone ahead with its own plans and is building a three berth dry dock with the largest dock twice the size of Asry's single dock with a capacity of 1m. tonnes. Dubai's dry dock complex is nearing completion, but as yet no managers have been officially nominated for the project, and although the possibility of co-operation is mooted, no official discussions have apparently taken place.

The question of what will happen to the Dubai operation and how it will affect ASRY, which has now been operational since the last week of October, is very much in the air at the moment. While ASRY was never seen as a wholly commercial venture—its creation was part of the whole Arab philosophy to control more of their oil resources and move further downstream from crude oil production into marketing, processing, transportation and so on—but the possible operation of three dry docks further down the Gulf would lead to competition that would benefit neither of the states nor yards.

"If Dubai becomes operational we shall have to co-operate, at least on pricing, after all we are both Arab yards," comments ASRY chairman, Mr. Majid al Jishi, Bahrain's Minister of Works, Power and Water. ASRY's management is already talking of the need for a second dock and this, of course, need not necessarily be physically located in Bahrain, although all the facilities are there. "A second dock would give us much greater flexibility," argues Mr. Antonio Machado Lopes, ASRY's general manager, "there is sufficient demand for two docks in the Gulf."

The chosen site for ASRY in Bahrain is 7 km of the coast of Muharraq, Bahrain's second island, directly out from the small town of Hidd. The site itself had to be dredged up and is based on the southern extremity of the tidal reef which forms the eastern boundary of an inlet named the Khor al Qalaia locally. Just there the natural water depth is in excess of 12 metres, which is more than adequate for the largest vessels planned to enter the dock, which was constructed to accommodate tankers of up to 500,000 tonnes. The site is bounded to the south and west by deep water navigation channels which connect Bahrain's main port Mina Sulman and its industrial port Mina Sitra, where the tankers for Bahrain Petroleum Company and the ore-carrying ships for the aluminium smelter load and unload. The site was formed by building land to a level of 4.5 metres above the existing reef by means of a cutter suction dredger, which pulled up some 6m. cubic feet of shells and caprock.

The reasons militating in favour of Bahrain as the site for OAPEC's first large industrial venture were emotional as well as practical. The island Emirate was the first Arab Gulf oil exporting State. It has been exporting oil since the early 1930s, and it will be the first Arab State to run out of oil unless new finds are made. The early wealth that accrued to the State through its oil exports has been wisely invested in infrastructure and education, which meant that by the late 1960s a third generation of Bahrainis were at school and the island's communication facilities were arguably the best in the Gulf.

In the late 1960s the question of how to provide for Bahrain's rapidly increasing population, growing at a rate of at least three per cent. a year, was very much to the forefront of the minds of the island's Ministers. It was also a preoccupation for Saudi Arabia, which has always taken a close and generous interest in the island. The closeness of Bahrain to the wealthy eastern province of Saudi Arabia—the two are separated by barely 25 km. of water and should soon be joined by a causeway—have led to a great deal of intermarriage among the major trading families. The shared oil field of Ab Saafa is important for Bahrain Government revenues (oil income this year should be around $375m.) and Saudi Arabia has underwritten many of Bahrain's housing and other social projects.

Answer

The Bahrain Government's first answer to the employment needs of the island was to look to heavy industry, and at the same time that the ASRY project was being formulated discussions were taking place on the construction of an aluminium smelter on the island. Aluminium Bahrain (Alba) started production in 1971 and now employs about 2,000 Bahrainis, thus indirectly supporting about six per cent. of the population. But before the ASRY project got as far as hiring general staff, the post oil price rise boom of 1974-76 changed the employment picture. In Bahrain it was helped by the establishment of the offshore banking market and the expansion of business generally due to the large influx of primarily western expatriates. More jobs were created in banks and more money could be made by building a complex of houses on a plot of land than could ever be earned in heavy industry of any kind. The two existing heavy industries, Alab and Bahrain Petroleum's refinery, both lost noticeable numbers of trained Bahraini staff. Wages shot up.

The Bahrain Government's second string answer to the

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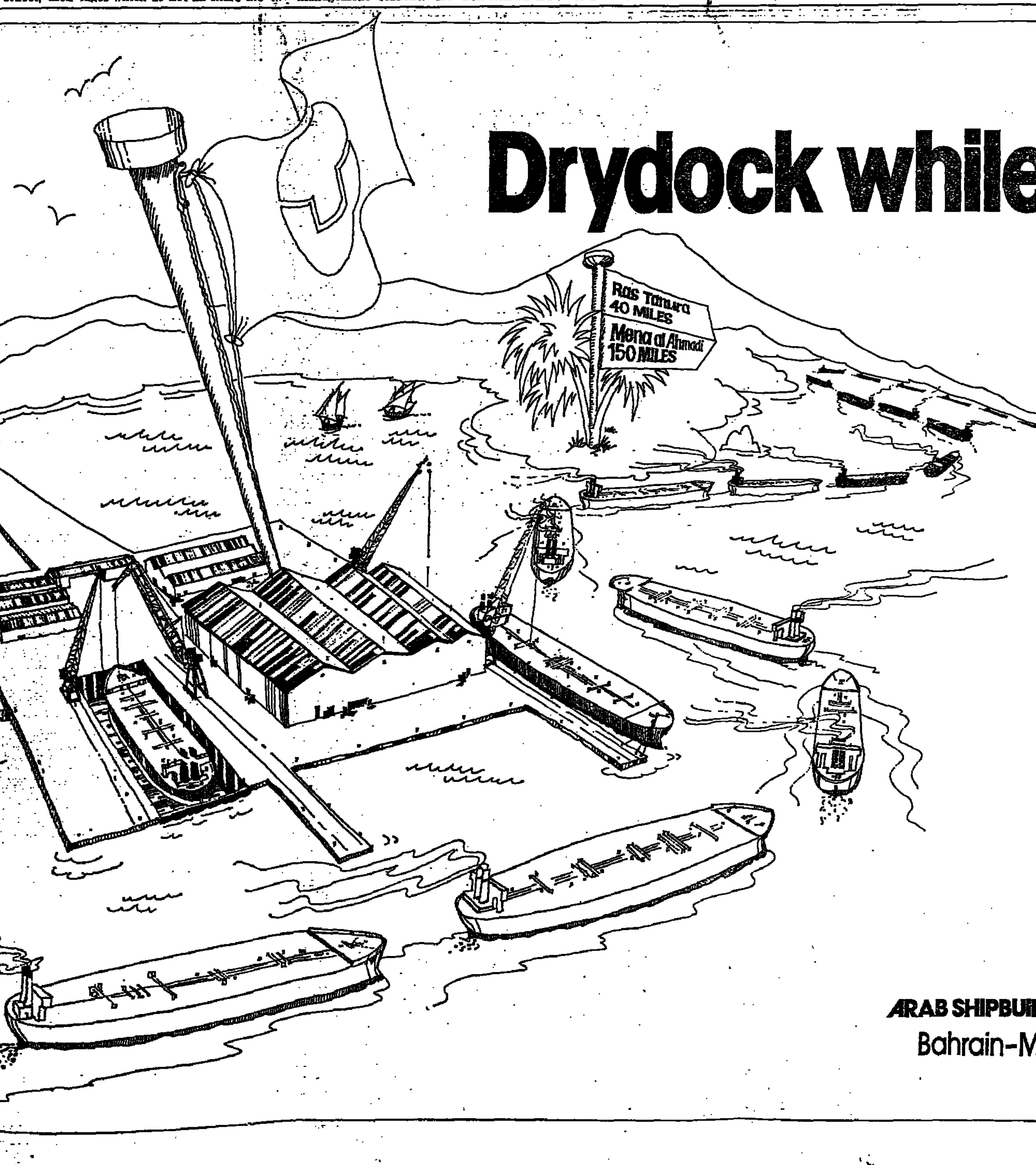


Early contracts assured

THE FACT that ASRY's dry-dock space was booked almost *three months ahead by mid-September* of this year reflects considerable credit upon the London-based ASRYMAR marketting organisation, but it comes as no surprise.

Sheikh Yamani's arguments in winning the scheme the backing of OAPEC in 1968 are as good now as they were then: with 700 to 1,100 very large crude carriers (VLCC) entering the Arabian Gulf in an unladen and therefore potentially gas-free state every year, a dry dock to service them could not fail to win business. When Sheikh Yamani launched the idea, there was no large tanker repair facility at all between the Gulf and Singapore or between the Gulf and Europe.

So although ASRYMAR has had a busy time promoting awareness among shipowners of the Arab Yard's services and convincing them that its close association with the extremely successful Lisnave and Setenave yards in Portugal was an assurance of quality work, it has not had too much difficulty telling owners how to find ASRY.

The question then, for ASRY, is not: "will it be used?" but "will it ever be able to charge a commercial rate for its services?" Moreover, the answer to this question is outside the powers of OAPEC, Lisnave and ASRY because it turns on a number of imponderables about the future of world energy freighting and rather more alarmingly on certain eminently ponderable facts about the degree of overcapacity in world shiprepairing.

Between 1966 and 1976 the world's shiprepair capacity increased in terms of deadweight tons almost fourfold, from 8m. to 28.4m. and the number of docks from 75 to 165. On the basis of announced intentions, this capacity will be further expanded to 36.1m. tons or 192 docks in 1981.

Much of this extra repair activity has been justified by a rapid period of expansion in the world fleet. The tanker fleet of vessels over 10,000 tons, for example, increased more than three times, from 97.1m. tons to 320.1m. tons in the decade from 1976, but that still leaves a widening gap between supply and demand.

H. P. Drewry, the London shipping consultant*, recently estimated that all vessels over 50,000 d.w.t. generated 14,500 repair days of work in 1976 against a dock supply of 37,500 days, giving an occupancy level of 39 per cent. Drewry calculates that by 1981 the demand for repairs will be somewhat higher as a result of a slight ageing of the fleet, but that the coming on-stream of further dock capacity will still only offer repairers a 41 per cent. occupancy position.

These must be highly tentative forecasts, assuming as they do no substantial improvement in revenue from tanker operation — a change which would immediately stimulate repair demand as vessels came out of lay-up and owners sought to maximise the efficiency of their ships by cleaning hulls and overhauling engines.

But the basic message is unavoidable. There are already 101 shiprepair yards capable of handling vessels over 100,000 d.w.t. and a further 24 on the way. At the top of the market in size terms, there are 30 yards and 13 more being built able to handle ultra large crude carriers—vessels over 300,000 d.w.t. There are only 125 such vessels in the world, either in service, in lay-up or on order.

Fierce

As consolation, it may be argued that the fierce market pressures resulting from such over supply will quickly force older and less efficient yards out of business *but unfortunately it* is becoming increasingly evident that governments are as reluctant to cut capacity in shiprepair as they are in shipbuilding. Indeed in some cases shipbuilding yards and their workforces have been turned over to shiprepair in order to ease the problems in one sector by inflicting them on another.

Where does this leave ASRY? Still with the best location in the world for tanker repair, but even on its own doorstep threatened by the building of a massive three-dock complex with a total capacity of 1.85m. tons, against ASRY's 0.5m. Dubai's docks, ordered in defiance of OAPEC by the ruler Sheikh Rashid, are due for physical completion by early 1979 and although it seems certain to be some time after that before the required management skills and labour can be mobilised, the project is one of ASRY's biggest headaches.

ASRYMAR has already floated the idea of a marketing merger with Dubai but has publicly admitted that its market researches reveal demand for no *more than three docks in the* Gulf even in the mid-1980s. The existence of Dubai and the political difficulties involved in healing the rift between Sheikh Rashid and OAPEC are the main question mark over the second stage of ASRY's construction programme. And if Dubai were not enough, Iran has recently confirmed its intention to build a 900,000 d.w.t. turn dock at Bandar Abbas.

Another curious situation is created by the relationship between ASRY and its management company Lisnave. Lisnave and its sister company Setenave have six large dry docks totalling 2.8m. d.w.t capacity in the Lisbon area and were indeed the first companies to construct purpose-built VLCC dry docks. Lisnave was rejected by the Arabs initially because they regarded an alliance of direct competitors as undesirable, and it will be interesting to see what happens in the remaining seven years of the recently renegotiated Lisnave contract in Bahrain.

The reality of competition *here and now, though, is making* itself felt at ASRY mainly in terms of pressures to cut charges. A trade discount of about 20 per cent. is being offered for dockings in the first nine months of operation and even so ASRY is receiving reports through its 14 agents (80 per cent. of whom also work for Lisnave) that hard-pressed yards in north Europe are cutting below even this discounted level.

Given that ASRY's present charges are designed to cover less than half of operating costs and that $25m. is set aside to cover these losses in the first year of working, the picture is not bright. It has been accepted all along by the Arabs, however, that the $340m. investment in ASRY was to be rewarded not by rapid commercial returns but by building another downstream base in the Arab oil strategy and by creating a training centre for the communication of engineering and managerial skills to the Arabs who, in theory, will be running ASRY almost unaided within a decade.

Strategy

ASRY's strategy on pricing is to follow up its introductory bargain packages with a rates structure pitched midway between European and Far Eastern levels, relying on its geographical strength to outmarket the latter. By the time this structure is applied around the middle of next year, ASRY will also be considering where its next tranche of financial support is to come from—whether a short-term bond issue, on the local market, a floating rate Eurodollar loan or a simple *additional injection of capital* from its OAPEC owners.

Perhaps, though, a single note of caution needs to be sounded even about the apparently overwhelming geographical advantages of Bahrain compared with North Europe and the Far East —where Japan alone has 33 operational docks. This concerns the question of the gas-free state of tankers—a state which under normal conditions takes five to six days of in-voyage cleaning operations on the return leg of a tanker voyage to achieve, so *making* the vessel safe for dry-dock work. This gives yards situated on the return leg of a voyage an enormous advantage and the nearer to the source of the oil loading the greater the advantage.

But even this advantage for ASRY is threatened somewhat by the developments in new methods of tank cleaning involving crude-oil spray, which can reduce cleaning time to three days. ASRY has a slops discharge vessel anchored in the Gulf to facilitate its operations in the cleaning process and has formed a joint venture with the Korean company, Modernclean, to carry out the extremely unpleasant work involved.

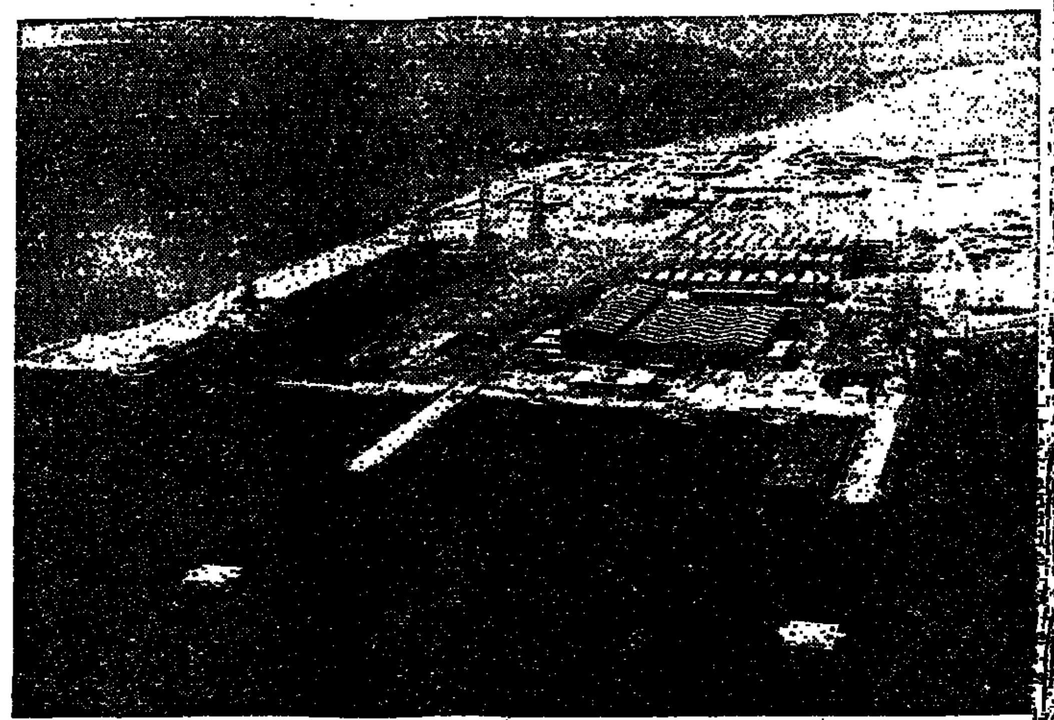
In spite of these numerous difficulties and challenges facing ASRY, the yard management and its OAPEC directors remain confident that having defied prophecies of woe about climate, labour shortage, and lack of Arab ability in industrial activity in building the yard, it will now be possible to create an effective, commercial and competitive operating team. So far as customers go, their first call is obviously to the owners of the 39 Arab flag tankers over 50,000 tons who are already under substantial Government pressures to use ASRY. The Arab Maritime Petroleum Company, an OAPEC-backed consortium, will unquestionably use it.

Given that ASRY's seven-day week, 24-hour day will in the first year only allow it to dock about 40 vessels (although for mini-tankers double dockings are possible), and that tankers go to dry dock about every two years, business from the Arab fleet is a not unimportant factor. In its second year, ASRY aims *to improve productivity to take* 60 dockings.

There is no reason to believe that the Arabs will be deflected from their goal of gaining substantial involvement in all stages of the oil supply business by the mere vagaries of the world market. After all, they started ordering big tankers in earnest only in time to see world scale freight rates plummet, but they have not changed their fundamental objective of boosting their share of the world tanker fleet, even if they have proceeded with more caution in *the last two years*. ASRY must have its share of problems ahead with a brand-new labour force, brand-new equipment and the worst market conditions for many years, but no one should doubt its ability to survive and perhaps, ultimately, even to prosper.

**World Ship Report Facilities: Outlook for the next ten years. H. P. Drewry, 34 Brook Street, London W1Y 2LL. £30.*

I.H.



The ASRY complex.

Site

CONTINUED FROM PREVIOUS PAGE

employment needs of its people was to capitalise on the early infrastructure investment and turn the island into a service centre for the Gulf region as a whole. In this it was helped by the establishment of the regional airline Gulf Air's headquarters at Bahrain's international airport. Gulf Air is now a major employer on the island. The banking and business boom of 1975-76 drew in record numbers of visitors, giving many of the island's hotels occupancy rates of comfortably over 100 per cent. There has been a subsequent rush to build new hotels, with a Sheraton, a Holiday Inn, an unnamed French luxury hotel and an extension to both the Hilton and the Gulf hotels due to open, in addition to the new Ramada Hotel opened this year.

The emphasis on Bahrain as a communications point has resulted in the island becoming a major transit stop for the world's long haul airlines. Pan Am, TWA, UTA, Qantas, Singapore Airlines, Cathay Pacific, British Airways and many others all have flights into Bahrain and onwards to other destinations. Bahrain became one of the first stops for the British Airways Concorde as a staging post on the aircraft's planned run to Australasia. This has now been extended to Singapore. Twenty-seven scheduled airlines now call at Bahrain's airport on Muharraq island, only a ten-minute drive from the newly operational dry dock.

Unique

The dry dock's marketing men have argued that this nearness to an international airport, a unique feature of ASRY, is a tremendous plus for the yard. Shipowners can change crews in Bahrain with the minimum of delay, and the most complicated spare parts can be flown in at short notice. In the early days of the yard, at least for the early months of next year, it will also be useful in that the yard's management can fly out specialists from Lisnave, or elsewhere if ASRY's own facilities or expertise fall short of the problems facing it. Time laid up is of vital importance to both tanker owner and dry dock operator, and both wish to minimise it as far as possible.

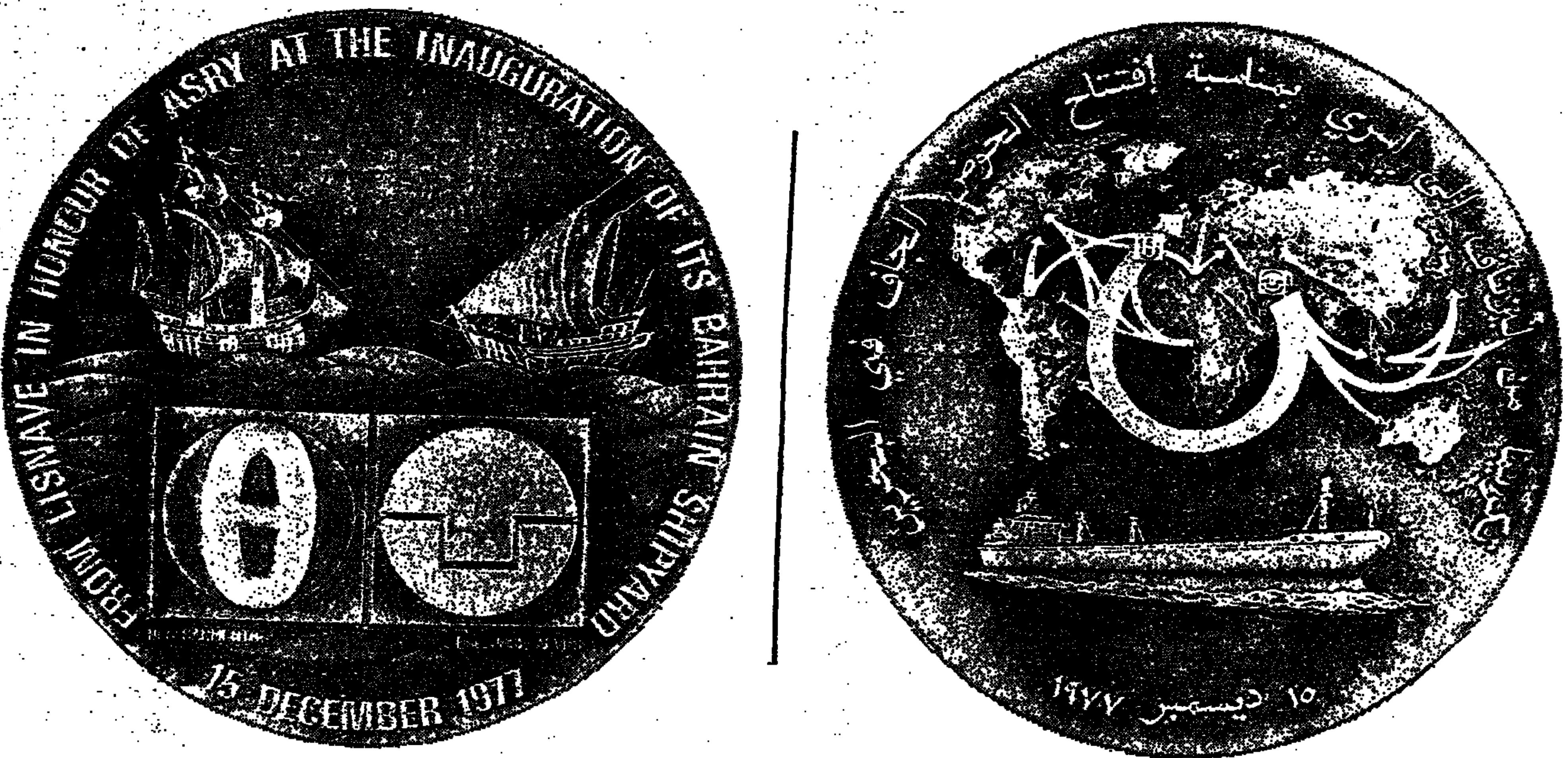
Telecommunications facilities from the island into the immediate region and beyond are also excellent. Direct telephone dialling is now possible to Kuwait, the UAE, Qatar and the Eastern Province of Saudi Arabia as well as to Britain. Bahrain Telephones and Cable and Wireless are talking hopefully of being able to offer direct dialling to Europe and the U.S. in the course of next year.

So while Bahrain is strategically situated on one of the world major tanker routes with about 700 VLCC's plying the Gulf trade annually on their way to load at Kuwait, Saudi Arabia, Iraq, Iran, the UAE and Qatar, by virtue of air and telecommunications it is also close to the ship-owning centres of the world. For a new yard with a reputation to build up, easy access and communications are important. A nervous owner can get in touch with his superintendent either physically or by telephone and telex with the minimum of fuss.

Doina Thomas

TRUST ASRY

LISNAVE KNOW-HOW AND EXPERTISE IS THERE



LISNAVE, the largest and most experienced *VLCC Repair Yard* in *Europe* and the management company of *ASRY* has the honour of announcing at the official inauguration of the *ASRY* facilities, that, under its management contract, has designed these facilities, planned and controlled the whole construction phase, organized the operational and administrative services of *ASRY* to the *LISNAVE* well-tested high standards. All was done within the programme and budget presented to and approved by *OAPEC/ASRY* in *1974. LISNAVE* being responsible also for the management of the operational phase, fully supports *ASRY*'s operations.

MAIN EVENTS IN THE ASRY PROJECT LIFE:

1972 TO 1974—*OAPEC* and *LISNAVE* cooperate in the study of the economic viability of the *BAHRAIN Shiprepair Yard.*

JULY 1974—*LISNAVE* signs with *OAPEC* a management contract covering the construction and operational phases of *ASRY.*

30-NOV-74—H. H. the *BAHRAIN Ruler* and H. E. the *Sheik Zahi Yamani* lay the corner stone at the inaugural ceremony of the yard.

MAY 1975—*Launching* of *ASRY*'s *Training Center* in *BAHRAIN.*

JUNE 1975—*Award* of contracts for dewatering of drydock, cranes and tugs.

OCTOBER 1975—*Award* of civil construction contract.

DECEMBER 1976—*First* jetty operational mainly for reception of *ASRY*'s equipment.

24-SEPT-77—*First* drydocking of *ASRY*'s owned *Tug Arad* and 10,000 dwt pontoon

23-OCT-77—*First* drydocking of a VLCC, the 231,000 dwt *'Ambrosiana'*

15-DEC-77—*Official* inauguration of *ASRY.*

For further information please contact Lisnave: the largest and most experienced VLCC repair yard in Europe

through its International Company: **NAVELINK S. A.**
AV. MON-REPOS 22
CH 1005 LAUSANNE-SWITZERLAND
TELEX 26106 NAVE

STOCK EXCHANGE REPORT

Gilts improve but equities irregular after quiet trade

Few features with index 1.9 off at 472.1 after 469.7

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 28	Dec. 8	Dec. 9	Dec. 20
Dec. 12	Dec. 29	Dec. 30	Jan. 11
Jan. 3	Jan. 12	Jan. 13	Jan. 24

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Gilt-edged was the one sector of stock markets which made a positive showing yesterday, and this area failed to show its underlying strength with most of the price action being completed in the early trade. A combination of November's £218m. trade surplus and relief that Mr. Steel was successful in opposing the pressures to end the Lib-Lab pact got both gilts and equities off to a firm start, the latter in a continuation of Wednesday's late rally which pulled prices well off that day's lowest.

Potential equity buyers, however, still resisted any temptation they may have felt to enter the market and the leaders were quick to reflect this by turning a shade lower. Thereafter, the market barely ticked over and official markings fell to 3,572—the lowest of the year so far and comparing with a recent daily average of about 4,600.

Down 4.3 at 11 a.m., the FT 30-share index was only 2.0 off at 3 p.m. and, at 472.1, ended a net 1.9 down for a loss of 13.8 over the first four days of the Christmas Account.

The Government Securities index reflected widespread gains, generally to ⅜, with a rise of 0.28 to 76.59, which is about 4 per cent. off its 65-month high recorded at the end of last September. Despite the Bank of England's signal that no early downward move in short-term money rates is justified, the undertone of the gilt market was extremely firm.

Hopes that the current talks with their local authority employers may herald an end to the firemen's strike was a helpful influence, but the general lack of investment interest left equity share prices moving within narrow limits. There were few outstanding features at the close of the day, although the late recovery movement in leading shares on Wednesday was reflected in a general upward adjustment in second-line issues which left a rises:falls ratio in FT-quoted Industrials of 3:2. this goes against the previous day's 4:1 ratio in favour of losses. The FT-Actuaries three main indices were barely firm, the All-share being 208.53 (208.29).

Gilts impressive

The good November balance of trade, announced at the official close on Wednesday, and the latest money supply figures provided the fundamentals in a very firm market for Gilt-edged. Once again, the longer maturities attracted more of the business than the shorts, although the latter were not overshadowed, and the upward tendency at the longer end was checked by a volume of selling. Part of this probably represented sales of stock recently bought by the Government Broker via switching operations to the exhausted long tap, Treasury 10 per cent., 1992. Consequently, final gains to ⅜ failed to reflect fully the strong market undertone. Similar improvements were registered among the shorts where sentiment was aided by the cheapness of money and the view that a fall in Minimum Lending Rate must occur soon in the New Year; after the official close further progress was made, often by ⅛. To-day's debut of the £900m. issue of Exchequer 8¾ per cent. 1981 stock is expected to be a non-event because the yield offered is less than on existing maturities. Several recently-issued Corporations showed to advantage, Cardiff 11 per cent. 1986 rising a point to £50¼, in £50-paid form, and Kensington and Chelsea 11¾ per cent. 1985/87 gaining ⅞ to £13⅞, its highest yet, in £10-paid form.

Early conditions in the investment currency markets were reasonably active and the premium made headway to 94½ per cent., but interest faltered in the later stages and rates drifted back to a close of 93¾ per cent., up ¼ on the day. Yesterday's SE conversion factor was 0.7262 (0.7260).

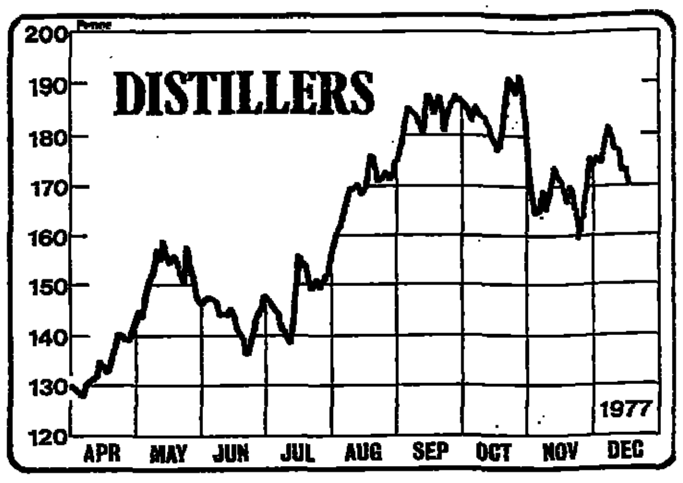
London Utd. firm

A drab day in Insurances was partially enlivened by a fresh improvement of 4 to 141p in London United Investments. Elsewhere, modest losses were recorded in Guardian Royal Exchange, 244p, Royals, 388p, and Sun Alliance, 566p.

A slightly firmer trend developed in Banks but activity was minimal. Barclays improved 3 to 318p as did NatWest to 268p. Reflecting recent Press comment, Minster Assets hardened 1½ to 60½p among Merchant Banks, while Moorgate Mercantile in Hire Purchases, gained a penny to 12p despite lower interim earnings.

Interim figures only slightly below market expectations left Distillers 3 cheaper at 170p, after 169p, but other Distillery issues made headway as buying interest was stimulated by Wednesday's agreed offer for Glenlivet from Seagram. Macallan Glenlivet advanced 15 to 285p and A. Bell 8 to 196p, while gains of 2 were seen in Highland, 116p, and Tomatin, 89p. Breweries were featured by a rise of 13 to 365p in Vaux on the results for the 17-month period and proposed share split. Elsewhere, Greenall Whitley firmed 2 to 96p in response to the increased interim dividend and profits.

For the third consecutive trading day George Dew made progress, improving 8 more yesterday to 152p, after 156p, sentiment still buoyed by hopes that the bid discussions taking place with an unnamed concern would soon result in an offer. Heywood Williams were notable for a gain of 6 to 68p in reply to the sharply higher first-half earnings, while improvements of 2½ and 4 respectively were seen in Royco, 31½p, and H. and R. Johnson-Richards Tiles, 314p. Tunnel B edged forward a penny to 288p after Press comment but Beechwood Contruction cheapened that much to 19½p on disappointing interim figures. Comment on the half-yearly profits setback left Phoenix Timber a further 4 off at 138p for a two-day decline of 17. Tarmac lost 5 to 129p as did Richard Costain to 254p. Aberthaw Cement receded 6 to 140p but AP Cement held at the overnight level of 256p.



ICI moved between narrow extremes of 358p and 355p before closing at the overnight level of 356p. Elsewhere in Chemicals, Fisons hardened 2 to 375p and Stewart Plastics gained 4 to 140p.

Leading Stores took the previous day's late rally a stage further. Revised hopes of a pre-Christmas spending boom encouraged some support and Gussies "A" finished 4 dearer at 308p, while British Home firmed 5 to 215p. Burton "A" gained 2 to 95p and Debenhams recorded a Press-inspired rise of 2, also at 95p. Elsewhere, and for a similar reason, I. J. Dewhirst put on 2 to 57p, but N. Brown Investments slipped that much to 32p in late reaction to the disappointing results.

Fierce competition in the hi-fi field and recent evidence of the reluctance on the part of consumers to spend caused a revival of nervous selling of BSR, 5 lower at 97p. After the recent sharp reaction for the same reason, Thorn, however, hardened 2 to 352p. Elsewhere in Electricals, EMI, 172p, GEC, 280p, and Plessey, 98p, all shed a penny. The good advance in preliminary profits failed to encourage United Scientific, 4 lower at 264p. The Japanese Sony declined 11 to 517p.

Tubes drifted down to 342p on a combination of scattered offerings and lack of support before settling at 344p for a fall of 6 on the day. Elsewhere in the Engineering majors, J. Brown gave up 4 at 248p and GKN closed a few pence cheaper at 270p. Among secondary issues, Young Austen and Young moved up 2 to 53p in response to the half-yearly results, while good interim figures left Tex Abrasives a penny up at 60p. Ransomes Sims firmed 3 to 123p and gains of 2 were established by Concentric, 45p, and Burgess Products, 34p. Braithwaite rallied 5 to 140p after the previous day's reaction of 22 on the first-half profits setback. Newman Granger continued firmly at 26p, up 2p, but APV, a firm market of late, came on offer and gave up 4 to 218p.

Scattered gains in the Food sector included C. H. Goldrei Foucard, up 4 at 51p in reflection of the increased interim dividend and profits. B. Matthews firmed 5 to 147p, J. Sainsbury were 3 dearer at 193p and Unigate ended a shade higher at 50½p, the last-named following the half-yearly results. In contrast, Tate and Lyle remained a sensitive market at 198p, down 2p. Among Hotels, Prince of Wales moved up 3 to 75p after the good first-half figures.

Wilkinson Match fall

Interim profits roughly in line with market estimates were not enough to sustain Wilkinson Match, 6 off at 188p. Other miscellaneous Industrial leaders presented a narrowly mixed appearance. Beecham were favoured at 672p, up 5, while gains of 2 were seen in Reed International, 129p, Northern Engineering, 86½p, and Rank Organisation, 242p, but Pilkington lost 5 to 470p, while Glaxo, following Wednesday's drop of 23, ended 3 down at 570p after having touched 578p on the company's denial of the previous day's adverse rumours. Among secondary issues, Dobson Park responded to good preliminary profits with a gain of 2 at 66p, while for a similar reason, Hawkins and Tipson hardened a penny to 70p. Trading statements also accounted for penny gains in G. Ewer, 25p, and Baron Dean, 56p, while Thos. Tilling hardened the turn to 110p on details of the company's $26m. U.S. bid. Nearly doubled interim profits lifted Lep Group to 248p, but the warning about the second half trimmed the rise to 3 at 243p. Robert McBride put on 10 to a 1977 peak of 310p in a thin market. Dealings in Spink, at 283p, were suspended at the company's request pending a statement on the bid situation. Anglo-American Asphalt improved 2 to 63p in front of to-day's interim results.

Among the handful of changes in the Motor sections, ERF gave up 3 more to 133p as further profit-taking was encountered but Fodens firmed 2 to 58p and Associated Engineering hardened a penny to 116p on the increased dividend and profits. Lucas eased initially to 258p but recovered to close a shade dearer on balance at 263p.

Narrowly mixed movements were the order of the day in Newspapers. Following an idle trade, Daily Mail and General A were 3 higher at 308p but Thomson were a little cheaper at 630p.

County and Dist. higher

Properties presented a slightly irregular appearance after a quiet business. Falls among the leaders were restricted to a couple of pence as in MEPC, 118p, and Great Portland Estates, 266p. British Land, however, hardened ½ to 29½p and Haslemere Estates a penny to 233p. Further consideration of the higher first-half returns lifted County and District 2½ more to 85p.

There was no evidence of a follow-through to Wednesday's late advance in British Petroleum caused by Wall Street advices; after opening steady at 864p, the shares declined to 860p on some small offerings before picking up to close unaltered at the opening price. Shell reacted 3 to 522p, while Royal Dutch held at £42¼. Losses of 2 were seen in Ultramar, 220p, and Siebens (U.K.), 268p, after 266p, but Tricentrol improved that amount to 180p. Among Canadians Ranger Oil gained 5/16 to £19¼.

Wm. Jacks, which put on 2 to 22p, were a small feature in otherwise idle Overseas Traders.

Financial Trusts were notable for especial activity and a gain of 6 to 79p in London Merchant Securities. Charterhouse edged forward a penny to 59p in reply to higher annual profits, while Vale Catto firmed a like amount more to 78p. Elsewhere, Yorkgreen were marked up a like sum to 3p in response to favourable comment.

The chairman's recent bearish remarks about second-half prospects took its toll on P and O Deferred, which were sold down to a 1977 low of 109½p before a close of 2½ cheaper on the day at 111p.

Textiles presented a rather mixed appearance. Caird (Dundee), at 16p, regained the previous day's fall of 2 which followed the half-yearly loss. Among Carpets, Homfray were dull at 37p, down 5, along with Trafford, which eased 2 to 38p, but Victoria encountered support and put on that much at 15p.

Dull recently on fears that the offer from Wrengate may be allowed to lapse, Assam Frontier rallied 5 to 210p. Elsewhere in Teas, Warren Plants rose a like amount to 173p.

Subdued Mines

Interest in mining markets remained at an extremely low level. South African Golds held steady despite the $1.25 downturn in the bullion price to $158.875 per ounce.

Activity in the share market mainly centred around the Anglo American group's Transvaal producers following publication of the December dividend declarations.

East Daggafontein rose 4 to 34p following the 20 cents final dividend which represented a distribution of the funds arising from the clean-up operation and the cessation of mining. South African Land, however, fell 3 to 66p following the continued absence of a dividend and the low gold and uranium drilling results.

Otherwise, prices generally stayed around their overnight levels and the Gold Mines index hardened 0.2 to 139.8.

South African Financials tended to ease owing to lack of interest. Union Corporation weakened 6 to 260p, Anglo American Corporation 4 to 270p and De Beers 2 to 307p.

Among London-registered issues Gold Fields attracted modest investment support and closed a penny harder at 171p, after 173p, while Selection Trust declined 7 to 397. Rio Tinto-Zinc, however, were 2 easier at 182p, and Charter a penny off at 130p.

The call by the executive of the Australian Council of Trade Unions to place an immediate ban on uranium exports left Peko-Wallsend 15 lower at 435p.

FINANCIAL TIMES STOCK INDICES

	Dec. 15	Dec. 14	Dec. 13	Dec. 12	Dec. 9
Government Secs.	76.59	76.31	75.86	76.40	76.03
Fixed Interest	79.00	78.76	78.66	78.56	78.39
Industrial Ordinary	472.1	474.0	478.9	484.3	485.9
Gold Mines	139.8	139.6	137.4	138.9	142.4
Ord. Div. Yield	5.65	5.64	5.60	5.52	5.52
Earnings Y'ld % (full)	17.09	17.08	16.92	16.66	16.66
P/E Ratio (net) (*)	8.31	8.35	8.39	8.51	8.51
Dealings marked	3,572	4,131	4,613	4,482	4,306
Equity turnover £m.	—	69.10	54.58	99.11	84.04
Equity bargains total	—	11,107	11,899	13,306	13,433

10 am 472.3. 11 a.m. 469.7. Noon 471.3. 1 pm 471.4. 2 p.m. 471.8. 3 pm 472.6.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=8.21.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	80.50 (1/10)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	98.1 (1/6)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 22	Dec. 5	Feb. 23	Mar. 7
Dec. 6	Dec. 19	Mar. 9	Mar. 21
Dec. 20	Jan. 10	Mar. 30	Apr. 11

For rate indications see end of Share Information Service.

Money was given for the call of Lonrho, Spillers, ... Engineering, Premier ... Oil, Both and ..., Vernon Fashion, ..., M. P. Kent and British ..., ICI, British Petroleum, Staflex International ... in for the put, while options were arranged in Metropolitan Warrants, and British Land.

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977.

NEW HIGHS (37)

BEERS (2): Bell (Arthur), Vaux
BUILDINGS (3): Dew (G.), Royco, Heywood Williams
CHEMICALS (1): Stewart Plastics
DRAPERY AND STORES (5): Boardman (K.O.), Stanley (A.G.), Helene of London, Wallis, Freedy (A.)
ENGINEERING (4): Dartmouth Invs., Newman Granger, Hallite, Utd. Engineering
FOODS (1): Bluebird
HOTELS (1): Prince of Wales
INDUSTRIALS (8): Chamberlain Phipps, McBride (Robt.), Cean (J.), Reed Executive, Dinkie Heel, United Guarantee, Dobson Park, Wills (G.)
INSURANCE (1): London United
MOTORS (1): Airflow Streamlines
Allebone, Hiltons, Footwear Invs., Ward White
SHOES (4)
TEXTILES (1): Highams
TRUSTS (2): Brazil Inv., Vale Catto, Harcros Inv.

NEW LOWS (5)

RUBBERS (1): Chersonese
AMERICANS (1): Morgan (J. P.)
CHEMICALS (1): Hoechst 10pc Uns. Ln.
INDUSTRIALS (1): Le Bas (Edward)
SHIPPING (1): P and O Dfd.

RISES AND FALLS YESTERDAY

British Funds
Corpns. Dom. and Foreign Bonds
Industrials
Financial and Props.
Oils
Plantations
Mines
Recent Issues
Totals

BANK OF AMERICA

NATIONAL TRUST AND SAVINGS ASSOCIATION

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, December 14, 1977. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar Libor as of December 15 at 11.00 a.m.
3 months 7⅛ 6 months 7⅛

SDR1=$US1.20443

For further information please contact your local branch of the Bank of America.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
ICI	£1	11	356	—	446	325
BP	£1	9	864	—	966	776
Shell Transport	25p	9	523	−3	635	454
BATs Defd.	25p	8	230	—	260	202
GEC	25p	8	280	−1	284	163
Beecham	25p	7	672	+5	673	372
Marks & Spencer	25p	7	153	+1	173	96
P & O Defd.	£1	7	111	−2½	176	109½
EMI	50p	6	172	−1	250	172
Grand Met.	50p	6	100	+1	108	62
GUS A	25p	6	308	+4	347	176
Plessey	50p	6	98	−1	117	62
Rank Org.	25p	6	242	+2	276	128
Courtaulds	25p	5	123	+2	135	100
Debenhams	25p	5	93	+2	120	66½

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Thurs., Dec. 15, 1977

FIXED INTEREST PRICE INDICES

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

AUTHORISED UNIT TRUSTS

G.T. Unit Managers Ltd.♥

16, Finsbury Circus EC2M 7DD 01-628 8131

G.T. Cap. Inc.	78.9	83.9	.....	3.30
Do. Acc.	93.4	99.3	.....	3.30
G.T. Inc. Fd. Un.	156.9	166.3	.....	7.90
G.T. U.S. & Gen.	135.1	143.7	.....	2.40
G.T. Japan & Gen.	217.1	230.9	.....	1.10
♦Gt. Pens.Ex.Fd.	132.9	139.5	.....	2.90
G.T. Int'l. Fund	106.6	113.3	.....	2.50
G.T. Four YdsFd.	53.7	57.1	.....	7.20

♥G. & A. Trust (a) (g)

5, Rayleigh Rd., Brentwood (0277) 227300

G. & A.	30.6	32.7	+0.2	[illegible]

CLIVE INVESTMENTS LIMITED

[illegible] Exchange Ave., London EC3V 3LU. Tel. 01-283 1101

[illegible] Guide as at 6th December 1977 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	130.55
Clive Fixed Interest Income	123.05

CORAL INDEX: Close 470-475

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	4 %

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

[illegible] Bank	7½%	■ Hill Samuel	§ 7 %
[illegible]d Irish Banks Ltd.	7½%	C. Hoare & Co.	† 7 %
[illegible]rican Express Bk.	7 %	Julian S. Hodge	8½%
[illegible] Bank	7½%	Hongkong & Shanghai	7 %
[illegible] Bank Ltd.	7 %	Industrial Bk. of Scot.	7 %
[illegible] Ansbacher	7½%	Keyser Ullmann	7 %
[illegible] Bilbao	7½%	Knowsley & Co. Ltd.	9 %
[illegible] Credit & Cmce.	7½%	Lloyds Bank	7 %
[illegible] Cyprus	7½%	London & European	8½%
[illegible] of N.S.W.	7½%	London Mercantile	7 %
[illegible] Belge Ltd.	7½%	Midland Bank	6¾%
[illegible] du Rhone	8 %	■ Samuel Montagu	6½%
[illegible] Bank	7½%	■ Morgan Grenfell	7 %
[illegible] Christie Ltd.	8½%	National Westminster	7½%
[illegible] Holdings Ltd.	8½%	Norwich General Trust	7 %
[illegible] of Mid East	7 %	P. S. Refson & Co.	7 %
[illegible]ipley	7 %	Rossminster Accept'cs	7½%
[illegible]rmanent AFI	7½%	Royal Bk. Canada Trust	7½%
[illegible] & C Fin. Ltd.	9 %	Schlesinger Limited	7½%
[illegible]	7½%	E S Schwab	9 %
[illegible]ldings	7 %	Security Trust Co. Ltd.	8½%
[illegible]use Japhet	7 %	Shenley Trust	9½%
[illegible]	8½%	Standard Chartered	7½%
[illegible]ed Credits	7½%	Trade Dev. Bank	7½%
[illegible]ve Bank	* 7 %	Trustee Savings Bank	7 %
[illegible] Securities	7½%	Twentieth Century Bk.	8½%
[illegible]nnais	7 %	United Bank of Kuwait	7 %
[illegible]wrie	¶ 7½%	Whiteaway Laidlaw	7½%
[illegible]	7½%	Williams & Glyn's	7½%
[illegible]ranscont.	8 %	Yorkshire Bank	7½%
[illegible]don Secs.	7½%		
[illegible] Fin. Corpn.	8 %		
[illegible] Secs. Ltd.	8 %		
[illegible]bs	7 %		
[illegible]rant Trust	7½%		
[illegible] Guaranty	7½%		
[illegible] Bank	‡ 7½%		
[illegible]ahon	7 %		
[illegible]ank	7 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4½%.
¶ 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½% and over £25,000 5%.
‡ Call deposits over £1,000 4%.
§ Demand deposits 4½%.
¶ Rate also applies to Sterling Ind. Secs.

[illegible]D PRICE MOVEMENTS

	Dec. 15	Week ago	Month ago
	£	£	£
[illegible] A.1 per ton	1,010	1,010	970
[illegible] A.1 per ton	1,010	1,010	970
Special per ton	1,000	1,000	970
[illegible] A.1 per ton†	1,000	1,000	970
[illegible] 20 lbs	10.94-11.13	10.90-11.05	10.94-11.05
[illegible] per cwt†	63.03	63.03	62.05
[illegible] salted per cwt†	69.15-71.43	69.15-71.43	69.15-71.43
[illegible] tonne	1,208.4	1,208.4	1,130
[illegible] cheddar trad. [illegible]tonne	1,219.42	1,219.42	1,219.42
[illegible]roduce:			
[illegible] 4	4.40-4.60	4.40-4.60	3.25-3.60
[illegible] 2	5.00-5.10	5.00-5.10	3.60-4.30
	Dec. 15 per pound	Week ago per pound	Month ago per pound
	p p	p p	p p
[illegible] killed sides (ex-[illegible])	44.0—45.0	44.0—48.0	44.0—49.0
[illegible] forequarters	—	30.0—32.0	29.0—32.0
[illegible] PLs/PMs	44.0—49.0	44.0—49.0	‡
	40.5—45.0	47.0—47.5	45.0—48.45
[illegible] ewes	—	—	—
[illegible] weights	36.0—42.0	36.0—43.0	35.0—42.0
[illegible] chickens	30.0—34.0	29.5—34.0	30.0—33.0

[illegible] Egg Exchange price per 120 eggs. † Delivered.
[illegible] December 17 24

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

Windsor Life Assur. Co. Ltd.

1 High Street, Windsor. Windsor 68144

Life Inv. Plans	68.4	72.0	.....	—
FutureAssd.Gt(a).		19.0	.....	—
FutureAssd.Gt(b).		47.0	.....	—
Ret. Assd. Pens.		£27.75	.....	—
Flex. Inv. Growth	106.4	112.0	.....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1977 High	Low	Stock	£	+ or −	Yield Int.	Red.
101	95⅝	Treasury 9pc 1978‡‡	100	......	8.92	5.14
104	97⅞	Treasury 10½pc '78‡‡	102 xd	......	10.20	5.36
100⅛	90	Exch. 5pc '76-78‡‡	99¼	......	5.04	5.97
107	95	Treasury 11½pc '79‡‡	104⅝	+⅛	10.99	7.49
97¾	84	Treasury 3pc '79‡‡	95⅜	+¼	3.14	5.80
98¾	85⅛	Electric 4½pc '74-79	96⅛	+¼	4.42	6.59
106	92	Treasury 10½pc '79‡‡	103⅜	+¼	10.16	8.49
97⅝	84¾	Electric 3½pc '76-79	95⅜	+¼	3.67	6.08
107	87¾	Treasury 9pc 1980‡‡	101	+⅛	8.91	8.49
105¾	88⅜	Treasury 9½pc '80‡‡	101	+⅛	9.38	8.88
96	82⅞	Treasury 3½pc '77-80	94	+⅛	3.72	6.13
99¼	83	Funding 5¼pc '78-80‡‡	95⅜	+⅛	5.50	7.32
112	96	Exchequer 13pc 1980‡‡	108⅞	+⅛	11.94	9.46
108	92	Treasury 11½pc 1981‡‡	105 xd	+⅛	10.95	9.58
94⅝	77⅞	Treasury 3½pc 1979-81	89	+⅛	3.90	7.19
104	86	Treasury 9¾pc 1981‡‡	100	+⅛	9.68	9.49
—	—	Exch. 8¼pc 1981e	£96¼	......	8.55	9.36
103½	97½	Exch. 9¾pc 1981	99¼	+⅛	9.57	9.73
92⅛	87¼	Exch. 3pc 1981	87¾	......	3.42	6.82
98¾	96	Treas. Variable '81‡‡	96	......	7.06	7.79
113	96¼	Exch. 12¾pc 1981‡‡	109½	+⅛	11.64	9.78
100⅝	82⅞	Treas. 8½pc '80-82‡‡	97¼ xd	+¼	8.75	9.37
93¼	71⅝	Treasury 3pc '82‡‡	85¾	+⅛	3.49	6.95
119	101⅛	Treasury 14pc '82‡‡	114¼	+⅛	12.25	9.81
98½	96¾	Treas. Variable '82‡‡	96¾	......	7.07	7.71
98⅝	92⅝	Treasury 8¼pc '82	95 xd	+⅛	8.67	9.61
102⅛	93⅝	Exch. 9¼pc 1982	98½	+⅛	9.39	9.64

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 37¼% (based on $US1.8465 per £)

Conversion factor 0.7262 (0.7269)

CANADIANS

[illegible]

S.E. List Premium 37¼% (based on $2.0239 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
195	70	Falcon Rh.50c	160	......	Q50c	ϕ	29.4
[illegible]							

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

198	102	Messina R0.50	105xd	......	Q30c	ϕ	19.3

MISCELLANEOUS

9½	9	Burma Mines 17½p.	9	......	—	—	—
115	58	Colby Mines SC1	103	−7	—	—	—
600	250	Cons. Murch. 10c	260	−10	Q30e	ϕ	‡
475	275	Northgate C$1	310	......	—	—	—
247	173	R.T.Z.	182	−2	t8.5	q5.1	7.1
70	25½	Sabina Inds. C$1	36½	......	—	—	—
£14¼	875	Tara Explrn. $1	975	......	—	—	—
55	39	Tehidy Minerals 10p	48	......	1.21	2.5	3.8
160	121	Yukon Cons. C$1	133	+3	Q7c	ϕ	3.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ∞ Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ★ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xcd ex capital distribution.

"Recent Issues" and "Rights" Page 40

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......	Sheff. Refrshmt.	45	......
Ash Spinning	41	......	Shiloh Spinn.	20	......
Bertam	19	......	Sindall (Wm.)	83	......
Bdg'wtr Est. 50p	255	+2			
Clover Croft	23	......	**IRISH**		
Craig & Rose £1	325xd	......			
Dyson (R.A.)	35	......	Conv. 9% '80/82.	£96¾	......
Ellis & McHdy.	65	......	Alliance Gas	88	......
Evans Fr'k. 10p.	28	......	Arnott	186xd	......
Evered	15½	......	Carroll (P.J.)	90	......
Fife Forge	47	......	Clondalkin	71	−3
Finlay Pkg. 5p	18½	......	Concrete Prods.	107	......
Graig Ship. £1	250	......	Heiton (Hldgs.)	45	+2
Higsons Brew.	135	......	Ins. Corp.	150	......
I.O.M. Stm. £1	152	......	Irish Ropes	130	......
Holt (Jos.) 25p	235	......	Jacob	43	......
N'thn. Goldsmith	38	......	Sunbeam	22½	......
Pearce (C. H.)	111	......	T.M.G.	148	+8
Peel Mills	17	......	Unidare	65	......
Sheffield Brick	45	......			

OPTIONS
3-month Call Rates

Industrials		House of Fraser	12	Tube Invest.	30
		I.C.I.	25	Unilever	40
A. Brew	5½	"Imps"	7	Utd. Drapery	7½
A.P. Cement	16	I.C.L.	20	Vickers	15
B.S.R.	11	Inveresk	7	Woolworths	6
Babcock	10	Ladbroke	17		
Barclays Bank	25	Legal & Gen.	14	**Property**	
Beecham	38	Lex Service	6	Brit. Land	9¼
Boots Drug	15	Lloyds Bank	22	Cap. Counties	5
Bowaters	16	"Lots"	5	E.P.	5
B.A.T.	24	London Brick	5	Intreuropean	5
British Oxygen	6	Lonrho	7	Land Secs.	18
Brown (J.)	20	Lucas Inds.	25	MEPC	12½
Burton 'A'	9	Lyons (J.)	13	Peachey	10
Cadburys	5	"Mams"	7	Samuel Props.	10
Courtaulds	10	Mrks. & Spncr	13	Town & City	2
Debenhams	10	Midland Bank	25		
Distillers	13	Nat West Bank	22	**Oils**	
Dunlop	8½	Do. Warrants	10	Brit. Petroleum	45
Eagle Star	11	P & O Dfd.	12	Burmah Oil	7
E.M.I.	18	Plessey	9	Shell	28
Gen. Accident	17	R.H.M.	5	Ultramar	22
Gen. Electric	16	Rank Org. 'A'	18		
Glaxo	40	Reed Intl.	18	**Mines**	
Grand Met.	9	Reyrolle	20	Charter Cons.	12
G.U.S. 'A'	18	Spillers	4	Chartered Fin.	3½
Guardian	18	Tesco	4	Cons. Gold	20
G.K.N.	22	Thorn 'A'	22	Rio T. Zinc	16
Hawker Sidd.	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday December 16 1977

Firemen to meet employers Monday for talks

By Alan Pike

FIRE BRIGADES UNION leaders and local authority employers meet again on Monday in the next step on a long and difficult journey toward a negotiated settlement to the firemen's strike, now nearly five weeks old.

Mr. Terry Parry, the union's general secretary, and Mr. Brian Rushbridge, the employers' side secretary, met yesterday for talks on the union demand for improvements of an offer by the employers last week.

They continue their discussions to-day. There will be further meetings at the week-end.

The union accepts the formula in principle as a structure for fire service pay, but not the proposed time-scale, which involves 10 per cent. increases now and firemen being brought into line with skilled manual workers in industry in two equal stages, one next November, the other a year later.

Union members in many areas made it clear this week that they still expected an immediate pay increase above the Government's 10 per cent. guidelines to end the strike.

But with the Government standing firm, the executive has to consider whether eventually it must recall its conference on something less than this.

There will be intense negotiations with the local authority employers to improve the phasing of the proposed new formula, either by reducing the two-year time-scale or making the first parity payment next November worth more than the second.

Such a move would require the approval of the Government, which has agreed to underwrite the formula. Mr. Merlyn Rees, Home Secretary, may be approached before Monday's meeting.

● The Government will be encouraged by a settlement with local authority employers within 10 per cent. guidelines yesterday. Leaders of 85,000 council building and civil engineering workers, including bricklayers, plumbers and labourers, accepted basic rate increases in "single figures" plus guaranteed average earnings for time off from accidents or industrial disease.

Mr. Justice Jupp yesterday dismissed a High Court application by Yorkshire, Kent and South Wales miners for a temporary injunction against local incentive schemes in the coal industry and ordered a full hearing of the case in open court on Tuesday. Story, Page 13

Alex Park to quit British Leyland

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

MR. ALEX PARK, the former chief executive of British Leyland, is leaving the company in the New Year.

His move comes within a month of the wide-ranging reshuffle of Leyland's top management, in which he was moved to the position of executive vice-chairman, reporting to Mr. Michael Edwardes, the new chairman.

Mr. Edwardes took steps last night in a short statement to counter speculation that there had been fundamental disagreement between the two men.

The decision was mutually agreed and "in all the circumstances we have come to the conclusion that the role he has recently taken up is unlikely to work out."

Mr. Park said he decided to go "in the best interests of the company and my own career. I believe that there is a future for the company and that it will succeed."

The departure of Mr. Park means that virtually all the links with the management system erected by Lord Ryder, former head of the National Enterprise Board which controls British Leyland, have been severed.

Mr. Park regarded as an outstanding financial executive both at Rank Xerox and British Leyland, was plucked out of the finance department by Lord Ryder to run the company.

But he is known to feel that he never had sufficient freedom to manoeuvre under the strict guidelines laid down in the Ryder Report.

Mr. Edwardes, by contrast, has been allowed to go into Leyland and form his own views about what should be done. He has also made it clear that he intends to be in a much stronger position to interfere in the individual operating companies than Mr. Park ever was under his remit.

In the last few weeks Mr. Edwardes has appointed small task forces to go into the individual operations of the company and contribute to a policy review which should be ready in February or March.

He has emphasised that these will reconsider the whole question of how much investment Leyland needs and can afford, and has taken care to put some independent figures into the review teams.

The Leyland Cars task force, for instance, is headed by Mr. Pat Lowry, head of personnel at Leyland headquarters, and includes Mr. Dennis Bexson, head of personnel at Leyland International, and Mr. Ray Horrocks, a recent recruit from Eaton, the U.S. components group.

The remit for this team is to develop and implement a facilities plan "within realistic limits of capital expenditure"—the first hint that the capital expenditure plan may be cut—while looking at means of improving productivity.

Reconstruction of British Leyland's truck and bus division went further ahead yesterday with the announcement that £33.7m. was to be invested in a new technical centre. Story, Page 8

Mr. Alex Park—
For own career . . .

Mr. Edwardes is expected to make announcements about the shape of the new Leyland management after these reviews.

Mr. Park was paid nearly £50,000, including his director's fee. His job is being filled swiftly by Mr. David Andrews, head of Leyland International, who has been given a central role in looking at future product plans.

Two further appointments of executive vice-chairmen, possibly from outside Leyland, are expected.

Mr. Andrews' old job is being looked after for the time being by Mr. Peter McGrath, Finance Director, Leyland Truck and Bus.

Growth of money supply is almost on target

BY MICHAEL BLANDEN

THE growth of the money supply slowed last month after the sharp rises in the previous two months.

As a result, in the first seven months of the current financial year, since mid-April, the sterling money stock on the wider definition (M3) has increased by some ½ per cent., equivalent to an annual growth rate of just under 13½ per cent.

This is still above the target range of 9 to 13 per cent. expansion for the whole of the financial year. But it shows that the money supply growth came down from the 14¼ per cent annual rate recorded in the six months to mid-October.

The expansion of money supply has slowed in spite of the continued inflow of foreign funds in the second half of October before the pound was allowed to float upwards to choke off the demand for sterling from abroad.

The figures are, however, confused by the discovery that one of the public sector bodies has been placing substantial funds temporarily with banking institutions through the inter-bank market.

This has the effect of taking them out of the money stock, and if they were included the growth in money stock last month would have been 1¼ per cent. This might have brought the increase since mid-April to about 8½ per cent., a rate well above the target levels.

However, the Bank of England reports that these deposits will be run off by mid-January, and it has therefore been decided that they should remain excluded from the statistics of the money stock so as to avoid obscuring the underlying trend.

The figures published by the Bank show that in the four-week period to November 16 sterling M3 rose by £296m., after seasonal adjustment. This was equivalent to an increase of 0.7 per cent.

Domestic credit expansion, the main measure being monitored by the International Monetary Fund, continues to run well below the agreed ceiling of £7.7bn. for the full year. Last month domestic credit rose by £289m. seasonally adjusted to bring the increase in the first seven months of the financial year to £1.46bn.

The figures confirm that after a sharp rise in October bank lending slowed again last month, with sterling lending to the U.K. private sector rising by rather less than £350m. after adjustments.

GROWTH OF THE MONETARY AGGREGATES (£m.)

	Money stock M1			Money stock M3 Sterling			Bank lending*		Domestic credit expansion	
	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
1976										
Nov. 17	278	58	0.3	523	429	1.1	264	574	733	777
Dec. 8	452	180	1.0	− 72	−159	−0.4	15	160	−162	−119
1977										
Jan. 19	−775	− 2	—	−950	−510	−1.3	679	38	−1,058	−1,055
Feb. 16	10	134	0.7	−635	−416	−1.0	−301	−226	−1,207	−945
March 16	270	− 35	−0.2	263	43	0.1	− 63	− 10	338	100
April 20	823	667	3.6	1,058	899	2.3	368	296	967	779
May 18	170	64	0.3	190	253	0.6	120	464	117	395
June 15	440	263	1.4	461	303	0.8	124	343	830	707
July 20	178	515	2.6	659	508	1.2	1,339	278	234	−293
August 17	279	108	0.5	− 56	75	0.2	−100	379	−24	− 69
Sept. 21	521	956	4.8	809	883	2.1	167	241	−70	126
Oct. 19	758	520	2.5	669	741	1.8	565	627	239	299
Nov. 16	472	341	1.6	439	296	0.7	137	352	386	289

* To private sector in sterling. Source: Bank of England

Japan's surpluses problem remains

By Jurek Martin, U.S. Editor

WASHINGTON, Dec. 15.

THE U.S. and Japan remained far apart to-day on finding mutually acceptable ways of reducing Japanese surpluses and improving access for foreign goods in the Japanese domestic market.

After four days of talks, Mr. Robert Strauss, U.S. special trade representative, and Mr. Nobuhiko Ushiba, Japanese Minister for External Economic Affairs, made little attempt to disguise the fact that differences still persisted, although both described the discussions as friendly and constructive.

Mr. Strauss again made it clear—on this occasion in jocular fashion—that the U.S. considered the latest Japanese package of tariff cuts to be inadequate.

He was prepared to resume discussions in Tokyo, but only if there were concrete signs from the Japanese Government that such a trip would be worthwhile.

Just about the only praise that Mr. Strauss could find for Japanese policies was the adoption earlier this week by Mr. Fukuda's Government of a 7 per cent. real growth target for the next fiscal year, beginning on April 1.

This, Mr. Strauss said, was a major step forward for the global economy.

But this week's discussion on the Japanese surplus, he implied, had not been overly fruitful. He noted the Japanese contention that there were policies in train which could turn the direction of these surpluses, but added: "What I do not think is that they will turn them sufficiently."

EEC demands, Page 6
Editorial comment, Page 22

Jenkins told of 'closed shop' concern

THE EUROPEAN Economic Commission's questioning of the Bank of England over the alleged "closed shop" in the London foreign exchange market has led Sir Harold Wilson to express concern to Mr. Roy Jenkins, the Commission's President.

Sir Harold said yesterday: "If it is suggested anybody can set up in a foreign exchange market regardless of experience, that would raise very serious questions."

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Bundesbank

mated that the increase in existing compulsory reserve levels for foreign obligations held by the bank would soak up about DM1.3bn.

The authorities hope that, from January 1, there will be no further growth, since any new deposit from abroad will have to be matched exactly by an increase in the receiving banks' statutory reserves levels with the Central Bank.

In another decision to-day, the Central Bank Council set an 8 per cent. target for the growth during 1978 of Central Bank money, the indicator it has used in previous years as a measure of its policy for the increase of the money supply.

This level represents what most observers had expected, bearing in mind the Central Bank's anxiety not to starve the economy of funds.

Dr. Emminger said that the actions taken to-day to discourage speculative inflows had been discussed in general terms with Germany's partners.

There had been broad agreement among European central bankers in Basle this week that countries with stronger currencies should lower interest rates, while those with weaker currencies should raise theirs.

The Bundesbank president also said he wanted to correct the impression that American policy towards the dollar had amounted to no more than "benign neglect."

He cited a recent statement by Mr. Anthony Solomon, U.S. Treasury Under-Secretary for Monetary Affairs, to the effect that the U.S. would intervene on a larger scale at times of "hectic movement." In the last month, Dr. Emminger said, Washington had provided "somewhat" more support for the dollar.

The impact of recent developments on West Germany was "hectic and very unhealthy," he said.

It was essential for the world economy that West Germany should be able to sustain strong economic growth—as its partners often had urged it to do. Yet the dangers presented by the exaggerated rise in the D-Mark's value risked making this impossible.

Wilson says U.K. can afford more overseas investment

BY MARGARET REID

SIR HAROLD WILSON stepped yesterday into the controversy about whether Britain can afford to channel more capital abroad by saying that there was now a respectable argument for more investment overseas.

He made the statement when introducing the progress report of his committee on financial institutions, which effectively absolves the City of blame for the low level of industry's capital outlays because of any shortage in the supply of funds.

Sir Harold, referring to the large flow of resources accumulating in the investing institutions, compared with only a slowly growing volume of shares to be bought in domestic companies, said:

"Whether there is an excessive volume of investment in relation to a limited supply of securities raises the question whether there shouldn't be more investment overseas."

His committee might well consider this later.

The committee's report, while making no recommendations at this stage, says "few in industry believe that the way the financial institutions operate has deprived firms of funds they should have had, or constrained investment."

Low productivity, low profitability, low demand and high taxes are seen in the report as the real culprits rather than shortage of finance.

Sir Harold expressed the committee's approach by saying that the City could not be blamed for not paying cheques which were not presented. A number of detailed suggestions put forward to help small companies are noted.

The committee, whose work may last into 1979, is to continue considering the question of finance for industry, but will turn its attention in the first half of next year to questions on regulation and supervision of financial institutions and the part to be played by the public sector.

● John Elliott writes: One of the areas for help for small companies singled out by the Wilson Committee has been under study by the Government for some months as part of the general help for small firms being co-ordinated by Mr. Harold Lever, Chancellor of the Duchy of Lancaster.

This is the idea of a Government-backed guarantee scheme which would encourage banks to take a less cautious approach to lending to small businessmen who cannot provide adequate security or prove their viability.

But Ministers are concerned that such a scheme should not mean that the Government would be saddled with a large number of bad debts, and considerable care is therefore being taken before anything is introduced.

New loans plan, Page 10

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Pay rise angers chairmen

association has been considering taking legal action over the absence of substantial rises in recent years.

The problem stems from a report of the Government's independent review body on top salaries, headed by Lord Boyle, which in 1974 recommended substantial rises not only for the nationalised industries but also for other senior public servants in the armed forces, judiciary and Civil Service.

However, while the Government allowed half the rises recommended for the other groups, adding up to £4,000 immediately to their salaries, it stopped the nationalised industry increases until the Diamond Commission on the Distribution of Wealth produced a report on top pay.

By the time this report appeared, the current phases of pay policies had begun and nothing has been paid apart from last year's £208 limit.

This has annoyed Lord Boyle and other members of his review body, which is now preparing a further report for publication next spring.

It had been assumed that all the groups involved would then be dealt with together, although the nationalised industry people had made it clear that they expected exceptional treatment because of the ground they lost in 1974.

Now they do not know whether yesterday's announced rises, which will come into effect on their annual settlement date of January 1, are all they will get for the coming year. They believe it extremely unlikely that the Government will be prepared to break its 12-month rule by giving them more with the other top public servants in the spring.

The announcement leaves most nationalised industry chairmen earning about a quarter of the salaries of some of the highest paid private sector company chairmen.

The chairman of the Post Office for example, who was recommended in 1974 for a salary of £40,000, goes up by £1,390 from £23,330 to £24,720 while the chairman of ICI earns over £90,000.

THE LEX COLUMN

Distillers and the U.S. dock strike

The money supply scare appears to be over for the time being. Sterling M3 rose by only about 0.7 per cent. in the banking month to mid-November, after seasonal adjustment, and it seems quite possible now that after the recent burst of funding the money supply could have slipped back into the target growth range by the December make-up day.

But an element of mystification has crept into the latest money supply release with the comments about "certain public sector funds" which have not been included in the figures. In more traumatic conditions the Government might have damaged its credibility in the markets by displaying a cosmetic keeness to "avoid obscuring" the trend. As it is, the markets can afford to be relaxed, but the dangers in putting too much emphasis on imprecise statistics are emphasised.

Distillers

In the six months to September, Distillers has repeated the strong performance seen in the latter part of 1976-77, and interim profits are up from £55.2m. to £74.3m. pre-tax. The key lies in exports, and price increases.

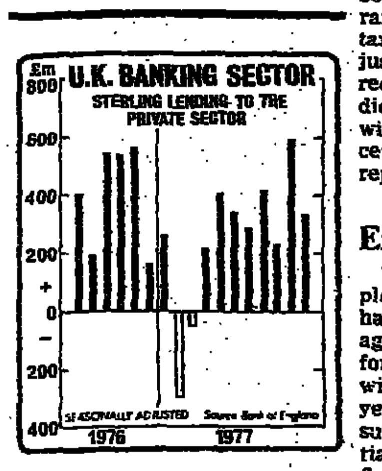
Export sales to the U.S. by the whisky industry surged ahead by nearly a fifth in volume over the period, as importers rushed to beat the longshoremen's strike. Europe has been unexciting, but Distillers has been doing very well in some of its highly profitable premium markets, like Venezuela, and export prices to places other than the U.S. went up in January.

Sales volume in the U.K. slumped, following the very big build up of stocks ahead of price rises last year. But Distillers' home sales have still risen by about a fifth in value excluding the duty element.

Growth over the rest of the year will be much less spectacular. For one thing, the longshoremen's strike could have brought, say, £3m. of profits into the first half which would normally have arisen in the second. For another, the comparison is with a period when profits were already as high as £77m. Distillers says it will probably produce about the same again this time.

For the longer term, however, further price increases are certainly on the cards—including one for the U.S. market, where the price has been frozen in dollar terms for four years. And although volume growth is not going to return to the level of the early 1970s, brokers Rowe and Pitman project an annual rate of 5 per cent. over the next few years. The shares have been held back by worries about the EEC pricing structure: at 169p, the prospective p/e is roughly 8 and the yield is 6½ per cent.

Index fell 1.9 to 472.1



Assoc. Engineering

Associated Engineering has managed to steer clear of the unpleasant surprises which have dogged the engineering sector recently, and pre-tax profits of £32.5m., up 55 per cent., are in line with the forecast made as long ago as last January, ahead of the abortive Serck bid. This leap forward has been achieved without any overall help from volume—sales were just 14 per cent. higher in money terms—and must largely reflect gains in productivity and reduced pressure from wage costs. On a lesser scale, profits also benefited from further recovery by the troublesome Covrad subsidiary, while there were lower interest charges and some gilt-edged profits following investment of the November 1976 rights issue proceeds.

The current year is certain to see a sharp slowdown in the pace of growth, but a profits gain of, say, a tenth to £36m. or so could still look reasonable against the 1978 engineering sector average. Much hangs on labour relations, however, for disputes have led to some internal disappointment about the group's performance in the first couple of months of the financial year. At 116p the shares boast a slightly above average rating—the p/e is 8.3 on a low tax charge—but this looks to be justified by the good recent record, and the exposure to the diesel engine market, together with support from the 41 per cent. of sales derived from replacement parts.

Export credits

The Government can feel w[ell] pleased with itself now that [it] has finally got the banks [to] agree to the new arrangeme[nt] for sterling finance for expo[rts] with credit terms of over [...] years. It has managed to p[er]suade them to take a "subst[an]tially higher" proportion of st[erling] finance on their balance she[ets] which should save the pu[blic] purse between £200m. a[nd] £300m. next year, and in ret[urn] is only conceding an extr[a ...] per cent. on the banks' mea[gre] spreads on their not very pr[ofit]able short term business. [In] addition, it has thrown [the] scheme open to foreign ba[nks] and has ditched the cosy ca[rtel] which in the past assured [the] clearers and merchant banks fat fees.

Quite why the banks h[ave] given in so easily is not v[ery] clear. The merchant banks [...] have to fight much harder [for] their slice of the busines[s in] future and the clearing ba[nks'] balance sheets are not goin[g to] look so healthy from now [on].

Of the £4.1bn. of outstan[ding] insured credits of over [...] years, £2.2bn. are curr[ently] being refinanced by E[CGD]. From next April virtuall[y all] such new business will [...] be shouldered by t[he banks] themselves. It is rec[koned that] no more than 25 pe[r cent.] perhaps as little a[s ...] will be eligible f[or ...] Looked at ano[ther way the] banks will have [...] of £1bn. a yea[r ...] balance sheets c[...] starts. The Gov[ernment may] think this is a[...] commitment, but [...] certainly do not.

Meanwhile the sche[me is not] quite so open to foreig[n banks] as it looks at first sight. [Only] authorised banks that are [regis]tered as U.K. companies [will be] allowed to participate. Th[is is] even more restrictive tha[n the] conditions of access to the [con]troversial foreign cur[rency] buyer credit scheme and s[...] of discrimination.

Weather

U.K. TO-DAY

Mostly dry, sunny spells

Anglia, Midlands, Channel Isles
Fog, sunny spells. Max 7-9C (45-48F).

E., N.E., Cent. N. England
Fog, sunny spells. Max. 8C

Wales, N.W. England, Isle of Man, Lakes
Cloudy, sunny intervals. Max. 8C (46F).

Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Cent. Highlands
Mainly dry, bright intervals. Max. 6-8C (43-46F).

S.W. Scotland, Argyll, N. Ireland
Cloudy, perhaps occasional drizzle. Max. 6-8C (43-46F)

Moray, N.E., N.W. Scotland, Orkney, Shetland
Rain at times, fog. Occasional gale. Max. 7C (45F).

Outlook: Dry, patchy fog.

Long-range forecast to mid-January: Alternating mild and cold periods, average temperatures, rainfall below average in S.E., and E. England, near average elsewhere.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amsdm	C	8	46	Luxemb'g	C	6	43
Athens	S	10	50	Madrid	F	9	48
Bahrain	S	22	72	Manchster	F	8	46
Barcelona	F	13	55	Melbourne	C	18	64
Beirut	R	12	54	Milan	F	7	45
Belfast	C	8	46	Montreal	C	−4	25
Belgrade	Sn	−2	28	Moscow	Sn	−11	12
Berlin	C	7	45	Munich	F	4	39
Brmghm	S	11	52	Newcastle	S	9	48
Bristol	C	9	48	New York	S	10	50
Brussels	C	6	43	Oslo	C	−2	28
Budapest	Fg	−1	30	Paris	C	9	48
B. Aires	S	27	81	Perth	S	33	91
Cairo	S	18	64	Prague	C	2	36
Cardiff	C	7	45	Reykjavik	Sn	1	34
Chicago	C	1	34	Rio de J'o	S	28	82
Cologne	C	9	48	Rome	F	12	54
Copnhagn	C	6	43	Singapore	S	29	84
Dublin	S	10	50	Stockholm	C	4	39
Edinburgh	S	9	48	Strasbrg	C	4	39
Frankfurt	C	4	39	Sydney	F	25	77
Geneva	C	4	39	Tehran	Sn	7	45
Glasgow	S	7	45	Tel Aviv	R	12	54
Helsinki	C	3	37	Tokyo	C	12	54
H. Kong	S	21	70	Toronto	R	2	36
Jo'burg	C	23	73	Vienna	R	5	41
Lisbon	S	11	52	Warsaw	C	4	39
London	S	10	50	Zurich	C	3	38

HOLIDAY RESORTS

		°C	°F			°C	°F
Ajaccio	C	15	59	Istanbul	F	5	41
Algiers	F	18	64	Jersey	F	8	46
Blackpool	D	8	46	Locarno	C	4	39
Bordeaux	S	4	39	Majorca	S	16	61
Boulogne	C	7	45	Malaga	C	14	57
Casablnca	C	16	61	Malta	R	14	57
Cape Town	S	24	75	Nairobi	R	19	66
Corfu	F	11	52	Naples	F	9	48
Dubrovnik	S	11	52	Nice	S	12	54
Faro	F	14	57	Oporto	S	11	52
Florence	S	9	48	Rhodes	S	11	52
Funchal	F	19	66	Salzburg	C	5	41
Gibraltar	R	14	57	Tangier	R	14	57
Guernsey	F	9	48	Tenerife	C	13	55
Innsbruck	C	4	39	Tunis	S	17	63
Inverness	S	8	46	Valencia	C	12	54
Is. of Man	C	9	48	Venice	F	7	45

S—Sunny. F—Fair. C—Cloudy. Fg—Fog. R—Rain. Sn—Snow. D—Drizzle.